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China

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Daily Report

China

FBIS-CHI-95-008

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General

Foreign Ministry Holds Weekly News Conference

Spokesman Comments on Deng

HK1201081895 Hong Kong AFP in English 0802 GMT
12 Jan 95

[FBIS Transcribed Text] Beijing, Jan 12 (AFP)—China voiced doubts Thursday that Deng Xiaoping would make a television appearance at Chinese Lunar New Year, signalling the possibility of the first no-show by the country's paramount leader since his retirement.

"We cannot really predict whether he will come out there on the screen at the time of the Spring Festival," foreign ministry spokesman Shen Guofang told a weekly news briefing.

However, Shen stressed that the 90-year-old leader was in good health, despite a recent spate of rumours that he is dead or dying.

"Comrade Deng Xiaoping's health is in a good condition," he said.

Deng's non-appearance at Lunar New Year, which this year falls on January 31, would have far-reaching implications, confirming that he is too weak to be seen in public and, by implication, too weak to maintain his influence on affairs of state.

Deng has appeared at every Lunar New Year festival since retiring from his last official post in 1990.

Shen's remarks came as speculation about Deng's health reached new heights with a Japanese press report that he was so sick doctors had refused President Jiang Zemin permission to see him.

The Chinese government strongly denied the report and, in a move partly aimed at countering the persistent rumours, released Wednesday a still photograph of Deng watching fireworks on China's national day last October.

The photograph—issued by the Hong Kong branch of the semi-official China News Service (CNS)—was the first image of Deng to be made public since he was seen on television at Spring Festival last year.

Urges U.S. To Show 'Sincerity'

OW1201093595 Beijing XINHUA in English 0913
GMT 12 Jan 95

[FBIS Transcribed Text] Beijing, January 12 (XINHUA)—China today called the United States to show due sincerity at the forthcoming talks on intellectual property [rights—IPR], which is to be reopened in Beijing from January 18 to 20.

"The Chinese side holds a categorical attitude towards the protection of intellectual property and is prepared to make

its effort for reaching an agreement at the talks," said a Foreign Ministry spokesman.

"It is our hope that the U.S. side will also display due sincerity," Spokesman Shen Guofang told a weekly press conference this afternoon.

"As a matter of fact, the Chinese side on its part has never closed the door to negotiations," Shen noted.

Last month, when China and the United States failed to settle their disputes, the U.S. Trade Representative Office issued a target list on December 31 of 2.8 billion U.S. dollars in Chinese imports for possible trade sanctions.

China reacted swiftly and announced its counter-retaliation list, specifying that if the United States carried through with its threatened sanctions, China would have no choice but to retaliate.

"We believe, however, that negotiations should be held on the basis of the principles of equality, mutual benefit and mutual respects of sovereignties as well as on the basis of consultations held on equal footing for the purpose of settling the existing trade and economic disputes between the two sides," he said.

As regards the trade relations between the two countries, the spokesman said, the Chinese government always attaches importance to the relations between China and the U.S. and to the development of bilateral economic and trade cooperation as well.

"We are prepared to work with the U.S. side and seek to resolve the existing trade disputes between the two sides through consultations on the basis of the principles of respect of each other's sovereignty, respect of facts, equality and mutual benefits," he noted.

"It is our hope that the U.S. Government will set great store by the overall interests of relations between the two countries and set to redress immediately its wrongdoings of meting out trade retaliation against China, so that the economic and trade ties between the two sides will be able to enjoy a continued improvement and development on the basis of equality and mutual benefit," the spokesman said.

Will Make 'No Concessions'

HK1201094695 Hong Kong AFP in English 0932 GMT
12 Jan 95

[FBIS Transcribed Text] Beijing, Jan 12 (AFP)—Beijing warned Washington on Thursday it would make "no concessions" in the event of a trade war over intellectual property rights (IPR), but voiced hopes that upcoming talks on the issue would bear fruit.

Negotiations on the IPR dispute are set to begin in Beijing on Wednesday, ahead of the February 4 deadline set by the United States for imposing sanctions if it sees no progress in China's IPR protection policy.

"It is most unwise to carry out trade retaliation and on matters of principle the Chinese side will make no concessions," Foreign Ministry spokesman Shen Guofang told a weekly press briefing.

China has said it will retaliate if the United States carries out its threat to impose trade sanctions on goods worth some one billion dollars, singling out the US auto industry as the sector to bear the brunt of Beijing's wrath. US officials say rampant violations of copyrights and patents in China cost US firms at least one billion dollars a year. However, Shen expressed hope a full-scale trade war could be averted as a result of next week's negotiations, although he stressed that much depended on the question of US "sincerity."

"I believe as long as things are conducted on the basis of equality, mutual benefit and mutual respect, the talks can produce results," Shen said, adding the main input lacking so far was "the showing of sincerity by the US side."

Shen called on Washington to "immediately" withdraw its sanctions threat, and to seek a solution to the problem at the negotiating table.

"China is always ready to make efforts for reaching an agreement at the talks... It is not our wish to see a trade war take place," Shen said.

Shen's comments came on the same day as the English-language China Daily published a lengthy article by the director of American studies at the Chinese Academy of Social Sciences, Wang Jisi, that accused Washington of reviving Cold War scaremongering tactics in its disputes with China.

"Both government officials and media and media in US have spread their notorious view of the so-called 'China threat' over the past year," Wang said.

The concept of the "China threat" reached its height in the 1950s after the communists came to power, fuelled by US concerns over China's potential for military expansionism. While increased military spending was the traditional basis for the theory, its revival is based on commercial and political issues as well as disputes over immigration, arms sales and environmental protection, all of which "have become new grounds for American efforts to defame China," Wang said.

"And now the US is spreading its view of the sluggish condition of intellectual property rights (IPR) in China, which has already caused a severe tit-for-tat fight."

According to Wang, the IPR dispute and other Sino-US commercial tensions, result from fears in Washington that China's rapid economic growth is the most significant threat to the long-term interests of the United States.

"Concern over its own economic and political well-being is the final reason the United States erected barriers to China's re-entry to the Genral Agreement on Tariffs and Trade (GATT)," he said, referring to China failure to rejoin the world trade body by the end of last year.

As a result of US intransigence, bilateral business and trade "will meet with conflict in the future," he said, adding that the scale of the disputes was "likely to expand."

Hopes Chechnya Situation Stabilizes

OW1201093795 Beijing XINHUA in English 0929
GMT 12 Jan 95

[FBIS Transcribed Text] Beijing, January 12 (XINHUA)—China is deeply concerned over the situation in Chechnya and hopes that state there will be stabilized as soon as possible, a Foreign Ministry spokesman said here today.

While answering questions concerning the issue at a weekly press conference, the spokesman said that the Chechnya issue is an internal affair of the Russian Federation.

He noted that the conflict there has already caused thousands of casualties and the loss of properties has been unestimatable.

Qian Qichen To Visit Africa

OW1201094695 Beijing XINHUA in English 0932
GMT 12 Jan 95

[FBIS Transcribed Text] Beijing January 12 (XINHUA)—At The Invitation Of The Governments Of Zaire, the Congo, Togo, Benin and Nigeria, Chinese Vice-Premier of the State Council and Foreign Minister Qian Qichen will pay an official visit to the above five countries from January 17 to 25.

This announcement was made here today by a Foreign Ministry spokesman at a weekly press conference.

Bosnia-Herzegovina Crisis Moves Toward Relaxation

HK1201082195 Beijing RENMIN RIBAO in Chinese
28 Dec 94 p 7

["Yearend Special Article" dispatched from Belgrade by staff reporter Hu Xijin (5170 6932 6651): "Bosnia-Herzegovina Crisis: From Intensification to Relaxation"]

[FBIS Translated Text] The year 1994 saw repeated occurrences of major crises and fierce rivalry between big powers for influence in Bosnia-Herzegovina.

Throughout the year, the complicated situation of Bosnia-Herzegovina has roughly undergone three stages.

The first stage started from the Sarajevo crisis in February to the Gorazde crisis in April. In the two crises, NATO developed the "Sarajevo pattern" in which with air strikes as a deterrent force, it compelled the Serbs in Bosnia-Herzegovina to withdraw their heavy weapons from areas around the "security zones" of Bosnia-Herzegovina. The Serbs made concessions to the NATO's air-strike pressures. During that period, the United States prompted the

Muslims and Croats in Bosnia-Herzegovina to realign and as a result, there was a significant change in the balance of force among the three factions in Bosnia-Herzegovina and the Serbs were further isolated.

The second stage started with the formation of a five-nation liaison group involving the United States, Russia, France, Britain, and Germany for the settlement of the Bosnia-Herzegovina issue, during which based on what had been achieved by the United States and European nations in applying air-strike pressures and on mainly using reconciliation means, a five-nation peace plan, which "allows no bargaining," was put forward. According to the plan, the federation of Muslims and Croats is granted the land which constitutes 51 percent of the whole territory of Bosnia-Herzegovina while the rest goes to the Serbs. The plan was rejected by the Serbs in Bosnia-Herzegovina but it was supported by Yugoslavia. For this reason, Yugoslavia severed its political and economic ties with the Serbs in Bosnia-Herzegovina. At the same time, urged by the liaison group, the Security Council conditionally relaxed the sanctions against Yugoslavia in September. Beginning at the end of October, the Muslims launched large-scale offensives and the United States unilaterally suspended weapons embargo on the Muslims in Bosnia-Herzegovina, a joint action taken by NATO. Consequently, a more serious crisis occurred in the Bihac area in the northwestern region of Bosnia-Herzegovina and NATO bombed the Serbs' airport within Croatia's territory and the positions of the Serbs in Bosnia-Herzegovina on a large scale. Nevertheless, the Serbs did not give in and under NATO's air raids, they stormed into the "security zone" of Bihac.

The third stage started at the beginning of December. A series of important meetings including the meeting of NATO foreign ministers and the meeting of foreign ministers of the four nations of the liaison group reestablished the principle of settling the Bosnia-Herzegovina crisis through negotiations and the United States made a concession to the stand of European nations.

The five-nation liaison group has recently made a peace proposal, leaving flexibility on the important issues, such as continued negotiations on the territory of Bosnia-Herzegovina and formation of federal relations between the Serbs and Yugoslavia. Meanwhile, the cry for a possible pullout of the peacekeeping forces from Bosnia-Herzegovina was again heard loudly.

The relations between the Serbs in Bosnia-Herzegovina on the one hand and the peacekeeping forces and Western big powers on the other hand remain quite strained. Under these circumstances, at the invitation of the Serbs, former president Jimmy Carter acted as a mediator and thanks to his negotiations, the conflicting sides reached a temporary comprehensive cease-fire agreement. Thus, at the end of the year, there were indications that the tension in Bosnia-Herzegovina had begun to relax.

Nevertheless, European nations are universally cautious of and alert against the situation. There are differences

between the United States and the European nations on the Bosnia-Herzegovina issue. Within the European Union, opinions held by France and Britain on the one hand and Germany on the other are not completely identical. Therefore, on the Bosnia-Herzegovina issue, there are both a "unified decision" adopted by the five-nation liaison group and different "interpretations" by various countries. The three factions of Bosnia-Herzegovina often get different information from the open strife and veiled struggle among big powers and place hopes on big powers' policy changes advantageous to themselves. The military actions they took have, more often than not, to do with this state of affairs. This is the fundamental reason the Bosnia-Herzegovina crisis cannot be settled in a short time.

Looking forward to the coming year, it is difficult to predict how the situation in Bosnia-Herzegovina will develop. However, the following factors will be extremely important: Whether or not the cease-fire agreement, which was concluded with Carter's help, can be implemented to the letter, particularly, whether or not cease-fire is observed in areas around the various "security zones" in Bosnia-Herzegovina so that a big crisis is avoided? Whether or not the conflicting factions in Bosnia-Herzegovina can reopen political talks and restore the peace process? What is the trend of the United States' policy toward Bosnia-Herzegovina? Will the United States take further action in unilaterally lifting weapons embargo on the Muslims? Whether the peacekeeping force will withdraw from Bosnia-Herzegovina or not? Overall, so long as the peacekeeping forces are still around, the Bosnia-Herzegovina conflict will not develop into a full-scale war and so long as big powers do not give a powerful support to the process of talks, peace in Bosnia-Herzegovina will not be achieved.

NPC Delegation To Attend Pacific Forum in Mexico

OW1201113695 Beijing XINHUA Domestic Service in Chinese 0806 GMT 11 Jan 95

[By reporter Yu Dingliang (0151 1353 5328)]

[FBIS Translated Text] Mexico City, 10 Jan (XINHUA)—An NPC delegation headed by Zhu Liang, member of China's NPC standing committee and chairman of the NPC Foreign Affairs Committee, arrived in Mexico City on the afternoon of 10 January to attend the third annual meeting of the "Asia-Pacific Parliamentary Forum" at Acapulco, a coastal city in south Mexico.

Twenty Asia-Pacific countries and regions, including China, are sending delegations to take part in the 12-14 January meeting. The primary purpose of the meeting is to review and analyze the political, economic, social, and cultural situation in the Asia-Pacific region, to seek regional unity and cooperation, and to discuss the issue of cooperation between the Asia-Pacific region and Latin America.

The "Asia-Pacific Parliamentary Forum" was launched in January 1993 in Tokyo, where the first meeting was held. The second annual meeting was held in the Philippines city of Manila in January 1994.

Clinton, Murayama Stress Bilateral Ties

OW1201004495 Beijing XINHUA in English 2129
GMT 11 Jan 95

[FBIS Transcribed Text] Washington, January 11 (XINHUA)—U.S. President Bill Clinton said here today that America has no more important bilateral ties than those with Japan.

"We must move to strengthen the vital partnership between our peoples for the 21st century," Clinton said at a joint press conference with Japanese Prime Minister Tomiichi Murayama following their meetings at the White House.

"In a dramatically changing world, we look to Japan as an unwavering friend, one devoted, as are we, to promoting peace and advancing prosperity," the president said.

But Clinton is apparently dissatisfied with the process of the trade negotiations between the two countries.

"Further progress must be made, especially in the areas of autos and auto parts, which make up the bulk of our trade deficit with Japan," Clinton stressed.

"I am firmly committed to opening the market in this and other areas," the president said, "we must redouble our efforts to assure further progress."

Murayama, who arrived here on Tuesday [10 January], said that Clinton and him confirmed the importance of Japan-U.S. relations during their meetings and agreed to further develop the relations towards the future.

"Both our governments share the view that it is important for Japan and the United States to firmly maintain the Japan-U.S. security arrangements," Murayama added.

The prime minister also said that "the government of Japan strongly supports last year's agreed framework between the United States and North Korea."

Japan intends to play a significant financial role in the light-water reactor project, under an overall project scheme in which the Republic of Korea is expected to play the central role.

As regards the economic aspects, Murayama said that "we would continue to seriously engage ourselves in the Japan-U.S. framework talks."

"And during this pivotal year, I'm resolved to make efforts to advance the Japan-U.S. creative partnership, together with President Clinton, building on today's meetings as a good starting point," Murayama [said].

Article on Failed GATT Talks, Future Prospects

HK1201091595 Beijing LIAOWANG in Chinese No. 1,
2 Jan 95 p 44

[Article by special correspondents Ban Wei (3803 3837) and Zhou Shaoping (0719 1421 1627): "Situation of the Talks on China's Reentry Into GATT and Prospects"]

[FBIS Translated Text] Geneva [date not given] (LIAOWANG)—Twenty-odd Chinese trade delegates held the last round of talks on China's reentry into GATT with various signatories in Geneva between 28 November and 20 December. The recent talks have aroused great attention on all sides because at the very beginning, the Chinese side set a deadline on concluding substantive talks within the year. Regrettably, the gap was too great between the concessions China made for its reentry into GATT and the price asked by various major signatories, especially developed countries; consequently, no agreement was reached on substantive issues in the talks.

It has been over eight years since China applied for the restoration of its GATT signatory status in 1986. During that period, China participated in multilateral trade talks in the Uruguay round. Because the World Trade Organization, one of the results of the Uruguay round, was to be founded on 1 January 1995, the issue of China's reentry into GATT became all the more pressing. The just-concluded talks on China's reentry into GATT were held against this backdrop.

The talks on China's reentry into GATT included two elements, namely, protocols and market access. Talks on market access were aimed at cutting back tariffs as well as nontariff measures, which have a direct bearing on opening markets, involving the interests of China's trade partners themselves; such being the case, they showed particular concern about them. It was not until last August, when China submitted to GATT signatories a package of reductions and concessions on farm produce, nonfarm produce, and service trade that substantive talks on China's reentry into GATT really began. In September and October, Chinese delegates to the talks and relevant GATT signatories held a series of bilateral talks, bargaining on the basis of the submitted package. On 28 November the Chinese delegates went to Geneva again. On the first day of the talks, the Chinese side announced that for China, it would be the last round of substantive talks, and China would not make any substantial concessions from then on. That announcement on setting a deadline for concluding substantive talks was an important decision by the Chinese Government made in the course of China's reentry into GATT. The Chinese Government took this stand because it saw that the Chinese must grasp the fate of reentry into GATT in their own hands, and could not afford to let the talks drag on endlessly. It was imperative to destroy the illusions of some developed countries, which attempted to obtain greater economic interests through dragging out the talks.

The Chinese decision brought two characteristics to the talks: First, major signatories changed their previous style

of dragging things out, and stepped up talks with China on bilateral market access one after another; it is not exaggerating to say that the talks entered a "white heat" stage. Sometimes, the Chinese delegates would have to deal with four or five sets of talks. Obviously, various signatories felt keenly the pressure of the deadline China had set, and worried about missing the last opportunity of gaining practical interests. Second, the various signatories universally asked a higher price of China, especially the United States and the EU. Some asked a price far beyond China's bearing capacity and reason.

The package of reductions and concessions China presented last August was based on China's level of development and the actual conditions of the stage of China's economic reform. Under that package, the average of the range of cutbacks of Chinese tariffs is around 55 percent, and the average tariff after the cuts would be lower than those of some developing countries. Undeniably, the existing Chinese tariff levels are relatively high; however, China, as a developing country, is in transition from a planned to a market economy; it would be difficult for China to make further reductions and concessions. Despite that, developed countries stubbornly demanded that China make still greater concessions, while they themselves held to their original positions without making progress or showing any flexibility. The EU even demanded that China drop tariffs for some goods to zero. Regarding nontariff measures (import quotas, permits, and so forth) Western developed countries also set excessively high requirements for China. China had already made a commitment to lift some tariff measures; however, to protect its young industries (such as the automobile industry) and industries undergoing restructuring (such as the textile industry), China needs to retain some nontariff measures for a period. On this issue, no compromise could be reached between China and developed countries.

Some signatories, especially such developed countries as the United States and Europe, set up roadblocks in the talks on protocols because they were not satisfied in the talks on market access. They set out many unreasonable demands. Any country entering GATT had to sign protocols on related responsibilities and obligations. Developed countries such as the United States insisted on adding supplementary clauses to the protocols on China's reentry into GATT to limit the rights and interests China should enjoy, especially the rights and interests of developing countries. According to related agreements on tariffs and trade, developing countries may adopt peculiar measures to implement self-protection under certain circumstances; for example, according to the "clause on equilibrium in international payments," should imbalances surface in international payments, developing countries may implement restrictions on importation. Developed countries said that China had already become the sixth trading power in the world, and in many aspects should not be regarded as a developing country; hence China must come under the restrictions of special regulations. The harsh demands developed countries set out in talks on protocols also reflected their lack of faith in the Chinese trade

structure, and their doubts about the stability and long-term basis of Chinese economic policy. Because China is in transition to being a market economy, there were still certain gaps between some aspects of the trade structure and GATT requirements. Nevertheless, the Chinese economic reform is a gradual process, whereas developed countries demanded that China meet all GATT requirements overnight. That was forcing on others something which was difficult to achieve.

However, all signs show that developed countries are also worried about China backing out of the talks. China has already made a series of commitments on lowering tariffs and cutting back nontariff measures during the talks. Should China fail to restore its GATT membership, all those commitments would naturally go down the drain, and developed countries would not benefit from this scenario at all. In addition, developed countries also fear lest China should deviate from the world trade structure and go its own way, resulting in an impact on the world market.

The Chinese Government has already explicitly stated that after the passing of the deadline, China will not have any new substantial price to offer. Furthermore, limited by its current level of development, it is impossible for China to make any more major concessions. This being the case, whether future talks will result in a breakthrough depends on whether developed countries will give up their impractical high price. The Chinese delegates believe that at present China has already gained the initiative in the talks. Should various major signatories be willing to return to a reasonable basis for talks, the Chinese side will continue to advance the talks so that the possibility for China's reentry into GATT will be greater. However, the crux of the issue is whether the United States and European developed countries are ready to display flexibility in the talks.

*U.S. Asia-Pacific Military Role Viewed

95CM0063A Beijing XIANDAI GUOJI GUANXI
[CONTEMPORARY INTERNATIONAL RELATIONS]
in Chinese No 10, 20 Oct 94 pp 10-14

[Article by Xi Laiwang (1598 0171 2489) sponsored by the China Contemporary International Relations Institute: "The U.S. Military Presence in Asia"]

[Text]I. Changes in the Post-Cold War U.S. Asia-Pacific Military Security Strategy

A. The new security situation faced by the United States in the Asia-Pacific region

1. Following the conclusion of the Cold War, major changes have taken place in the Asia-Pacific region security situation, and a new situation has emerged in the military security posture. A comprehensive revision and rearranged orientation has been underway in relations between the United States, Japan, China, Russia, and the ASEAN countries, and each party has avoided establishing a political and military alliance that is clearly directed at a third party.

2. The United States believes that there are still a series of challenges to its security interests. The two issues or two largest threats it is most concerned with are regional disturbances and a nuclear arms race and nuclear proliferation. It considers South Asia and the Korean Peninsula as problems in these two areas, and worries about China and Russia engaging in weapons proliferation.

3. The ASEAN countries in general are looking to strengthen their independent defensive capabilities. The United States at one point drafted an "Asia-Pacific Regional Strategic Framework" plan, which spelled out three stages after 1990 for cutting its military forces stationed in the Asia-Pacific region. At the end of 1992, the United States withdrew from Clark Air Force Base and the Subic Bay Naval Base in the Philippines, an event that signalled the beginning of major changes in the military posture in the Asia-Pacific region. The ASEAN nations, in view of the lessons learned by Kuwait during the Gulf War and their concern about a "power vacuum," generally feel that with the end of the Cold War, U.S.-provided security assurances are not as reliable as they once were. They believe that with the exception of the need to urge the major powers to ensure a balance of forces in the region, as long as great effort is devoted to developing the defensive capabilities of the ASEAN countries, they will be able to effectively ensure their own security. There are even some people in Japan who advocate the revision of that country's security strategy, to make it even more independent and provide Japan with the initiative.

B. The new United States military security strategy

In order to adapt to changes in the Asia-Pacific situation, the United States is paying close attention to the opportunity to revise its military security strategy, and its content can be summarized as follows: A strategy based on bilateral military treaties of alliance, supplemented by multilateral security dialogues, backed up by strong military capabilities, with the primary goal of maintaining regional stability, while working hard to ensure its military presence in the Asia-Pacific region, in order to protect its economic interests in the region and provide a "security guarantee" to promote "democratization."

In terms of the concrete implementation of a military policy, the United States is using a variety of methods to enhance its military presence in the Asia-Pacific region, making up for the effect of its withdrawal from military bases in the Philippines. These methods include: (1) Reaffirming that the United States will maintain a military presence in the Asia-Pacific region and undertake its security mission; (2) the United States will strengthen its traditional security relations with the countries and regions of the Asia-Pacific area, for example, selling them advanced weaponry, assisting them in modernization of existing weapons, conducting joint military exercises, training military personnel, etc. According to the January 28, 1994, edition of the Asian Wall Street Journal, following the conclusion of the Cold War, the United States has rethought its past unwillingness to sell advanced

weapons and has intensified the sale of arms to such countries as Malaysia, Indonesia, the Philippines, Singapore, and Thailand; (3) the United States has decided to establish, along with Japan, a regional ballistic missile defense system; (4) following the withdrawal of the U.S. military from its bases in the Philippines, the importance of bases on Guam and Diego Garcia has grown, and the U.S. military has also strengthened its military relationship with Australia and is making full use of military facilities it formerly had in Singapore; and (5) the United States has established a new "simultaneous victory in two wars" military strategy, including having the ability to fight a war on the Korean Peninsula and another region at the same time.

C. New characteristics of the U.S. military security strategy

1. A change has occurred in the concept of "security." During the period of the Cold War, the United States primarily emphasized the military meaning of security, while today it is emphasizing economic security. At the same time it is also paying attention to security in the military sense and in the sense of ensuring political democracies. For this reason, the United States does not have any reason in the wake of the end of the Cold War to abandon its military presence in the Asia-Pacific region. On the contrary, the United States, at the same time as it emphasizes economic interests, is paying great attention to its political and military security interests in the region, and wants, through its traditional military relations and influence in this region, to serve its political and economic goals in order to increase its overall competitive capabilities and maintain its dominant position in the Asia-Pacific region.

2. There has been an expansion from a single goal to maintaining the "stability" of the entire region. The goal of the United States in maintaining a military presence in the Asia-Pacific region is no longer specially directed against the military threat of a particular country (in the past it was directed against the Soviet Union), but rather the United States wants to preserve the "stability" of the region as a whole. U.S. leaders constantly stress that in order to maintain the "peace and stability" of the entire Asia Pacific region, the United States cannot retreat militarily from the region, but will continue to shoulder the "obligation" of providing security for numerous Asia countries.

3. The United States is paying relatively more attention to the global position of the Asia-Pacific region. In order to extricate itself from economic difficulties, the United States has reduced military outlays and its armed forces, but the primary reduction has come in troops stationed in Europe, while the degree of reduction of forces in the Asia-Pacific region is small in comparison to the European draw down. Comparatively speaking, the U.S. military presence in the Asia-Pacific region is markedly apparent.

4. There has been a shift from only emphasizing the "bilateral" to a joint emphasis on both "multilateral" and bilateral relationships. During the entire Cold War period,

and even during the Bush Administration, the United States consistently maintained a position based on ensuring Asia-Pacific security through bilateral alliances with the United States at the center. And today the United States in the Asia-Pacific region still maintains bilateral military arrangements, while at the same time developing complementary multilateral cooperative consultations, making clear its support for a multilateral security dialogue mechanism in the Asia-Pacific region.

5. Changes have occurred in arms control initiatives. During the Cold War period the United States conducted nuclear arms reduction talks with the Soviet Union, while today, at the same time as it is implementing strategic nuclear arms reduction agreements along with Russia, the United States is working hard to prevent the proliferation of weapons of mass destruction to large numbers of developing countries and is even "treating the prevention of proliferation as the centerpiece of the post-Cold-War U.S. security policy."

II. Some Factors Influencing the U.S. Military Presence in the Asia-Pacific Region

A. Beneficial conditions

1. Following the end of the Cold War, the independent-minded strategic awareness of southeast Asian countries has strengthened, but they hope that the United States will not make too great a pull back in the Asia-Pacific region. They still want to be bound to the United States, and take advantage of U.S. power to maintain a balance between the powers of this region, and to strengthen the military forces of the region through enhancing their military cooperation with the United States. On the basis of this situation, the United States will continue to obtain a certain degree of support from them on Asia-Pacific military security issues.

2. Following the U.S. military withdrawal from the Philippines, U.S.-Philippine military relations have not been broken, while the United States has signed separate agreements allowing for repair of U.S. Navy vessels with Malaysia and Indonesia, and Singapore has become a model for maintaining the U.S. military presence in Southeast Asia and the government of Singapore has actively allocated funds for this.

3. Vietnam is looking forward to the return of the United States to Southeast Asia. Looking at Vietnam, the United States maintains various types of presences in this region, and is a factor in maintaining big power relations in the region, and while the United States plays an important function in Indochina, it has also been successful in getting Japan to provide investment and cooperation to Vietnam.

4. In the wake of changes occurring in the situation on the Korean Peninsula, the pace of military cooperation between the United States and South Korea has accelerated. On June 6, 1994, South Korea decided to establish with the United States an "emergency security consulting system," to make it convenient to rapidly take joint action

to handle military crises that could arise on the peninsula. Following laborious negotiations between the United States and North Korea, a framework agreement was reached on the question of the North's nuclear program, which will undoubtedly have a positive influence on the stability of the Korean Peninsula and at the same time be beneficial to safeguarding U.S. interests in Northeast Asia.

B. Unfavorable conditions

1. Japan's military reliance on the United States has begun to drop. Since 1993, though Japan overall still advocates that the United States continue to maintain a military presence in the Asia-Pacific region, there has been a certain change in its attitude. On the one hand, Japan opposes U.S. domination in Asia's economic affairs. On the other hand, some in Japan are starting to express doubts about the U.S. military presence in the region. The August 9, 1994 edition of the Japanese magazine "World Weekly" pointed out: "There is worry in relation to the United States, and documents within the Japanese Liberal Democratic Party point out the irrational nature of the Japan-U.S. security guarantee system, and publicly demand the return of the Yokota base." In addition, according to a report in the August 28th edition of the New York Times, some Japanese leaders have repeatedly raised doubts about the presence of U.S. military bases in Japan.

2. Many Asia-Pacific countries are strengthening their regional security cooperation and independent defense postures, and the sense of pursuing defense on their own has clearly increased. According to the May 6 edition of the U.S. International Herald Tribune, Malaysian Prime Minister Mahathir Mohammed has publicly pointed out that the countries of the Asia-Pacific region do not need the continued presence of the U.S. military, and that "U.S. Navy cruises in the region are only a waste of money." Some medium and small countries in the Asia-Pacific region, though they accept that the United States will continue to station troops in the region in order to maintain a balance of forces and regional stability, nevertheless worry that the United States is becoming the dominant force in the region, and do not want to see it excessively inserting itself into regional and even individual country affairs.

3. The United States itself lacks an Asia-Pacific policy that includes a clear and effective security policy and is able to obtain consistent bipartisan support. This circumstance has continued to effect the pursuit of the overall U.S. Asia-Pacific policy. Former Clinton campaign foreign affairs adviser and candidate for National Security advisor Michael Mandelbaum stated during a speech on June 13, 1994, at the Nanjing University Sino-American Education Center: "The necessity of a U.S. military presence in the Asia-Pacific region no longer exists in theory," "and when it comes to the words of those making policy, there is no clear goal articulated regarding the United States military presence in the region, and the method also becomes an issue," "while in putting the policy into practice they also encounter difficulties." In addition, "the people of the

United States are not willing to support a U.S. military presence in the Asia Pacific region, and they also hope that the government will be able to solve trade issues with Asia."

III. The Effect of the U.S. Military Presence in the Asia Pacific Region

A. The basic direction of the U.S. military presence in the Asia-Pacific Region

1. From a global perspective, at present Europe is still the "core region" and military security focal point of U.S. global strategy. On January 9, 1994, when President Clinton began his first trip to Europe, addressing the European Community in Brussels he pointed out that: "Europe is still at the center of U.S. interests" and is the 'security core' of the United States." Though the number of American troops stationed in Europe has been substantially reduced, some 100,000 still remain. On the other hand, in the wake of the sustained rapid growth of the economy of the Asia-Pacific region, and changes occurring in the situation on the Korean Peninsula, though the Asia-Pacific region's importance in the U.S. global strategy at present has still not risen to the same "core position" as Europe, it is becoming more prominent day by day, and the military force deployed by the United States in the Asia-Pacific region is also on par with that in Europe. On March 7, 1994, U.S. Secretary of State Warren Christopher, at the outset of his 10th trip to the region, focused his discussion on the U.S. military Asia-Pacific strategy, and on several occasions indicated that the United States wants to continue to deploy in the region a military force that is equivalent to the roughly 100,000 troops it deploys in Europe. Regardless of whether or not this two-ocean deployment approach makes sense for the United States and the United States will in the future make any adjustments to this arrangement, it appears that this trend towards relatively more attention to the Asia-Pacific region will continue to hold.

2. From a "limited draw back" to strengthening troop presence. Following the Cold War, under pressure from various quarters, the United States, in a very contradictory state of mind, began to conduct a military "limited draw-back" in the Asia-Pacific region. Though in 1992, the United States withdrew some troops from the Asia-Pacific region, U.S. leaders also revised their program many times, and want to continue to maintain a military presence in the region, while promising to undertake to maintain troop deployments at existing levels. In February, 1994, a Defense Department official stated that the United States would revise the "Asia-Pacific Region Strategic Framework" plan that it had begun to implement four years ago, changing its policy on reducing troops stationed in the Asia-Pacific region. In June, 1994, the Pentagon also proposed to the President an increase of U.S. forces stationed in South Korea. Halting the draw down in the region and appropriately increasing its military presence could be the future policy choice for the United States towards military security in the Asia-Pacific region, even

though the U.S. will still face a number of contradictions and difficulties on this issue.

3. Paying attention to both "quantity" and "quality." In March, 1994, the U.S. Secretary of Defense promised to "draft a relatively complex plan" to strengthen the self-defense capabilities of the 37,000 U.S. troops stationed in South Korea, at the same time concentrating deployment of tactical aircraft that can "within a few days and not weeks" be transferred to South Korea. Before this, the U.S. President had ordered that Patriot missiles be deployed in South Korea. According to the U.S. Defense Department "U.S. troop strength plan and operational guidelines for the next 5 years," defense plans call for the establishment of a "crack, mobile force that will use high-tech weaponry" to ensure that the United States can "win two wars at the same time." For this reason, the United States will from now on not only stress the quantity of its military presence in the Asia-Pacific region, but also its quality, and at the same time as it maintains a certain scale of troop deployment, it will place importance on pursuing a policy of "quality in army building," increasing the military's deterrent capacity and maintaining its military dominance and leading position.

4. Laying even more stress on using a "multilateral" strategy. The basis of the U.S. military security policy in the Asia-Pacific region will continue to be use of bilateral military treaties as the foundation, supplemented with a multilateral security consultative system. Conversely, the "multilateral" strategy will be used even more. This is because the United States believes that with some post-Cold-War Asia-Pacific military security issues, having one or even two parties work hard to solve them is of no use; the United States is stressing that in the wake of the reduction of the U.S. military budget, in the security arena U.S. allies "should shoulder a greater and greater portion of the burden." The United States considers a multilateral system beneficial to eliminating the different threats faced by various countries and a way to block one major power or grouping of major powers from controlling the region.

B. What role will the U.S. military presence play in the Asia-Pacific region?

1. "Maintaining the balance" and destroying the balance. In the post-Cold-War world, the U.S. has emphasized the balance theory to create a basis for strengthening its military presence in the Asia-Pacific region. The U.S. believes that if the post-Cold-War balance of the region is upset, it will still have to be responsible for restoring the lost military balance. U.S. Government spokesmen have stated on many occasions that the United States will play "the role of not constituting a threat and keeping the balance." One of the long-term strategic goals of the United States "new Pacific Community" is to have Japan, Russia, China, and South Korea act as lookouts for maintenance of the force balance in this region. The U.S. weekly "Insight" in its August, 1994, edition pointed out that it was necessary to make this balance durable over the long term, and the United States then must maintain its military alliance

with Japan. This includes maintaining in Japan at least one aircraft carrier battle group as a front-line military deployment in the Asia-Pacific region, and blocking Japan from again arming itself and threatening its regional neighbors. On March 15, 1994, the U.S. Secretary of Defense William Perry clearly stated that the military goal of the United States in the Asia-Pacific region will be not to contain a single country, but a multifaceted approach. Even though the United States is working hard to establish a broad Asia-Pacific multilateral security system, it is still giving special attention to security issues related to countries such as China and South Korea. On March 26, 1994, Perry also noted that even though he did not believe that a military crisis was imminent out on the Korean Peninsula, the United States should strengthen its ability to protect its allies and could regard an attack on South Korea as an attack on itself. The United States also proposes that it and Japan jointly deploy a ballistic missile defense system. The U.S. military presence in the Asia-Pacific region is said to serve the function of ensuring the balance, but does it instead often upset the balance?

2. Call loudly for "peace" and create trouble. Looking at the United States, the forward deployment of troops by it in the Asian region powerfully demonstrates that the mission that it is shouldering is to supply a real deterrent force and psychological assurance which is the basis for regional stability and security. On March 7, 1994, Christopher said: "the United States plans to continue to play an active role in the Asia-Pacific region." The July 21, 1994, edition of the U.S. "National Security Strategy Report" stated that the U.S. military presence in the Asia-Pacific region "will give full play to its leadership function" and "be beneficial to deterring the North Korean regime, keeping it from invading and taking risks," and that the United States will make an even greater effort to "prevent the proliferation of weapons of mass destruction on the Korean Peninsula and in the South Asian region." Its final goal is "seeking a method to resolve existing security issues facing the region, but not to solve problems through the use of force." Even though the United States has consistently stated that it wants to "maintain peace" in the Asia-Pacific region, people have discovered that the actual policy of the United States has also been one of creating some trouble there. For example, in the second half of 1994, the United States drafted an strategic plan and a concrete operational plan against North Korea, and increased the number of troops it had stationed in South Korea, in order to be able to "fight and win two wars at the same time." This was actually beneficial to alleviating the situation on the Korean Peninsula, but it also, on the other hand, markedly increased tensions, which is worth pondering. Another example is that in recent years the United States has increased quantity and quality of its military sales to Taiwan. This approach clearly violates the U.S.-China "August 17 Joint Communiqué" and has not been beneficial to peace and stability in the Asia-Pacific region, and in the long run is also not beneficial to U.S. interests.

In sum, how large of a military presence will the US continue to maintain in the Asia-Pacific region? What

function does it really want to play—a balancing role, preventing any major power from "filling the vacuum," or on its own to play the "leading role?" In reality, is it maintaining the peace in the Asia-Pacific region by restraining regional conflicts, or entering into them and exacerbating tensions?... This not only is something that the countries of the Asia-Pacific region should pay close attention to, it is also a difficult question that the U.S. Government must carefully consider.

United States & Canada

Official Comments on IPR Talks' Reopening

OW1201030395 Beijing XINHUA in English 0256
GMT 12 Jan 95

[Beijing XINHUA in Chinese at 0453 GMT on 12 January carries a 471-character similar report with information that reads: "...By reporter Zhang Yijun (1728 4135 0193)"]

[FBIS Transcribed Text] Beijing, January 12 (XINHUA)—China and the United States have agreed to open a new round of talks on intellectual property [IPR] next Wednesday [18 January] in Beijing.

"China is firm on the protection of intellectual property, and hopes the talks will be successful," a high-ranking official from the Ministry of Foreign Trade and Economic Cooperation told XINHUA today.

But she said that whether an agreement could be reached during the forthcoming round of talks depends on sincerity of the U.S. side.

China attaches importance to developing economic and trade relations with the United States and other countries on the basis of mutual respect for sovereignty, equality and mutual benefit, she said.

"We are willing to settle bilateral trade disputes through equal negotiations," the official stressed.

As far as the Chinese side is concerned, she said, the door to Sino-U.S. intellectual property talks remains open.

Last month, when China and the United States failed to settle their disputes, the U.S. Trade Representative Office issued a target list on December 31 of 2.8 billion [Variant XINHUA domestic version reads: "...a target list of 2.8 billion"...] U.S. dollars in Chinese imports for possible trade sanctions.

China reacted swiftly and announced its counter-retaliation list, specifying that if the United States carried through with its threatened sanctions, China would have no choice but to retaliate. [Variant XINHUA version of this paragraph reads: "...China reacted swiftly and the Ministry of Foreign Trade and Economic Cooperation announced its counter-retaliation list for the United States."] China's business community and Sino-Foreign joint ventures, including those funded by U.S. investors, were discontented with the U.S. planned retaliation.

They expressed the hope that the United States would soon be back to the negotiation table and work together with China in settling disputes through talks and creating a favorable environment for the smooth growth of the Sino-U.S. trade and economic ties.

Domestic Software Firms Criticize U.S. IPR Action

HK1201062795 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 12 Jan 95 p 4

[By Dede Nickerson in Beijing]

[FBIS Transcribed Text] In the Beijing suburb of Haidian, the Chinese domestic software industry is flourishing. The Beijing Experimental Zone for the Development of New Technology is filled with software developers and retailers of all sizes. Some of the goods are legally registered, some are pirated. Price is the best indicator of authenticity.

As Sino-United States trade tensions mount over the pending Special 301 sanctions for China's violation of intellectual property rights, Chinese software companies have the same problems with piracy as their US counterparts, but feel the US Government action is inappropriate.

"The American Government thinks that applying this kind of pressure will solve the problem, but they're wrong," says Liu Qiuyun, deputy director of the Institute of Computer Science and Technology at Beijing University. "It will make matters worse. We have to work together. It takes time."

The institute works closely with Beijing University Founders Group and was also responsible for developing the Chinese version of Word Perfect in cooperation with the Jin Shan Company.

Mr Liu said that Chinese Word Perfect, or WPS, was probably the most highly pirated software product in China, making it difficult to estimate losses. Founders Group does not have exact figures, but estimates losses in the tens of millions in its software division alone. The company was established under the auspices of Beijing University in 1986 and is credited with transforming the newspaper publishing industry in China.

Founders is one of the Chinese companies that will seek a listing in Hong Kong this year. The company manufactures electronic publishing systems, communication equipment transmission networks, office automation systems and computer software. With current net assets of 400 million yuan (about HK\$364 million) and 1994 turnover of 1.8 billion yuan, the losses incurred as a result of piracy have not been so damaging.

"It's all relative," said Wang Xiaoqing, a lawyer and deputy director of Founders. "If you're in those markets,

you know copyright is a problem, but China is a developing country. You can't expect legal changes to happen so quickly."

Both Mr Wang and Mr Liu believe that the US approach to the copyright problem is unreasonable.

"When we buy software from the US, we protect it dearly, despite constant requests to make copies. If anyone understands the value of intellectual property we do," said Mr Liu.

Both agree that the existing National Copyright Law, promulgated in 1992, is not properly enforced, but claim that companies should expect this.

"Right now, China simply does not have enough trained personnel who specialise in copyright law and software. If foreign companies can't accept that, they should think about their future in China," said Mr Liu.

One of Founders' more commonly copied products is software that produces Chinese fonts. The price of the package is 8,000 yuan. Pirates sell the same product for 800 yuan. In an attempt to stop this, Founders established an anti-counterfeit department to search dealers illegally selling their product. If a company wishes to file a suit in court over a copyright violation, the product must be registered with the Software Registration Centre under the Ministry of Electronics.

A decision on whether 301 sanctions will be implemented will be made later in the month. According to an official at the US Embassy, there is currently a dialogue taking place between the embassy and the Ministry of Foreign Trade and Economic Co-operation.

Central Eurasia

Spokesman Announces Belarus President To Visit

OW1001065495 Beijing XINHUA in English 0642 GMT 10 Jan 95

[FBIS Transcribed Text] Beijing, January 10 (XINHUA)—At the invitation of Chinese President Jiang Zemin, President of Belarus Alexander Lukashenko will pay a state visit to China from January 17 to 19, 1995, Foreign Ministry Spokesman Shen Guofang announced here today.

Year-End on Russian Foreign Policy in 1994

HK1101142295 Beijing RENMIN RIBAO in Chinese 30 Dec 94 p 7

["Year-end special article" by Lu Yansong (0712 1484 2646): "Russia Seeks To Restore Big-Power Status"—first paragraph is RENMIN RIBAO editor's note]

[FBIS Translated Text] The obvious characteristic of Russia's foreign policy in 1994 was to restore its big-power status. Russia has made some progress in enhancing its influence in the world. Due to difficulties at home and

constraints from the West, it is far from easy for Russia to restore its former big-power status.

As the successor to the former Soviet Union, Russia has experienced numerous changes in its political situation in recent years. Its economy is in dire straits and its national strength is diminishing, but its diplomatic activities remain global. In 1994, Russia gradually restored its omnidirectional big-power diplomacy, actively participated in the resolution of major international issues with a more independent stand, and was unusually active in diplomacy. One main theme, we can say, ran through Russia's diplomatic activity this year: Restore its big-power status and reestablish its big-power image.

Consolidating relations with its neighboring countries, namely the newly independent countries of the former Soviet Union, is of obvious significance to Russia. At the beginning of the year, Russia clearly announced that it had "special interests and obligations" in the region. It has vigorously developed relations with these neighboring countries and enhanced its influence over them. In June, Russia sent peacekeeping troops to the disputed area of Abkhazia in Georgia for the first time. Moreover, while withdrawing troops from the three Baltic countries, it set up military bases in neighboring countries. Furthermore, with its encouragement, the integration trend within the CIS has obviously strengthened. That Russia has restored the leadership in the region of the former Soviet Union has created the conditions for it to pursue big-power diplomacy.

Russia is still a big Eurasian power. Compared to the past, Russia has paid more attention to the Asia-Pacific region this year. Russia is steadily developing its relations with China and is vigorously establishing new, good-neighborly, friendly, and cooperative relations for the 21st century. By signing a series of bilateral agreements, Russia has restored and developed its traditional relations with Vietnam, Laos, and Cambodia. Its relations with other Asia-Pacific countries have also developed to varying degrees. This has helped Russia to expand its diplomatic leverage.

The Balkan Peninsula is a "hot spot" in today's world. It is precisely here that Russia lifted its big-power diplomatic curtain. At the beginning of the year, Russia changed from increasingly siding with the West to intervening in the international mediation of the Bosnia conflict from an independent stand. During the Sarajevo crisis in February, Russia prevented NATO air raids against the Bosnian Serbs and sent peacekeeping troops to the disputed area for the first time. In participating in international mediation, Russia has forged cooperative, yet competitive relations with the Western countries. Proceeding from safeguarding its own strategic interests and safeguarding its relations with Serbia, its traditional ally, Russia has on the one hand cooperated with the West, given that its big-power status is respected. On the other hand, it has acted independently from the United States and formed a so-called "anti-American front" with Britain and France over certain issues. It has not even hesitated to use its veto power in the

UN Security Council. In December, it vetoed the West's new proposal regarding sanctions against the Yugoslav Federation. Generally speaking, Russia has gained a lot from its diplomacy toward the Balkan Peninsula and has become a vital party to international peacemaking. Russia's moves on the Bosnian issue give us a reference with which to observe the trend in its relations with the West.

This year, Russia has actively engaged in diplomatic activities in the Middle East. High-ranking Russian officials have frequently visited the Middle East, while the Palestinian leader Arafat and Israeli Prime Minister Rabin also visited Moscow. Russia has attempted to break the U.S. monopoly of the Middle East peace process. Russia's diplomacy in the Gulf area is also noteworthy. During the Gulf crisis in October, in order to safeguard its traditional relations with Iraq and its huge economic interests, Russia vigorously urged the lifting of sanctions on Iraq and had a bitter quarrel on the issue with the United States in the United Nations. Later, Prime Minister Viktor Chernomyrdin visited four Gulf states, including Kuwait, thus enhancing Russia's influence in the entire Gulf area.

Russia's diplomatic emphasis in 1994 remained the question of dealing with its relations with the West. Russia has continued to vigorously develop "equal and pragmatic" relations with the West. Russia, the United States, and Britain have stopped aiming their nuclear weapons at each other. Russia signed a framework document with NATO on a partnership of peace, reached a cooperation agreement with the European Union, and participated in a G-7 summit for the first time, as well as completing the withdrawal of its troops from Germany and the three Baltic states. These were several of the main issues with regard to its relations with the West. On the other hand, Russia ended its "honeymoon" with the West this year. Their differences have become increasingly apparent. This was mainly reflected by their struggle over the eastward expansion of NATO. Late last year, the West planned to expand NATO eastward, but Russia responded strongly, forcing NATO to propose the "partnership for peace plan," which is a rather vague concept. The central and East European countries then signed the agreement, but Russia insisted on having "special partner" status. Only after heated debate did Russia sign the relevant framework documents in June. However, when the United States officially restated NATO's eastward expansion early this month, Russia angrily refused to sign the two relevant documents. Moreover, President Yeltsin and President Clinton had a direct confrontation over this issue at the CSCE. The conflict between Russia and the West over this issue will largely influence the development of their relationship. On the one hand, it will not be conducive to either Russia or the West if their confrontation in Europe is restored. On the other hand, NATO's eastward expansion concerns the fundamental question of building a new post-Cold War European security mechanism and concerns the immediate interests of the United States, Russia, and Europe. Therefore, it will be difficult for this conflict among them to subside in the near future. Moreover, with conflicting interests on regional issues, competition will be

more apparent for some time in the future in their "cooperative and competitive" relations.

It is not accidental that Russia's diplomacy changed to restoring its big-power status. Since the disintegration of the former Soviet Union, Russia has been more in line with the West in its diplomatic activity and the two sides seemed to have become real "partners" all of a sudden. However, their fundamental interests are different. During the Cold War, their traditional allies around the world were often in confrontation. This situation determines that the actual relations between Russia and the West are much more complicated than their self-declared "partnership." As far as Russia is concerned, making unilateral concessions for some time did not bring it the political and economic benefits it expected; instead, its big-power status increasingly diminished. In the parliamentary general elections late last year, nationalist forces won a lot of seats. This reflected the electorate's dissatisfaction with "leaning to the West," which prompted the Russian leadership to readjust its foreign policy.

Over the past year, Russia has made some progress in restoring its big-power status and reestablishing its big-power image, and its influence on international affairs has strengthened. However, due to political instability and its crisis-stricken economy, the West will spare no effort to limit Russia by taking advantage of its current difficulties. Therefore, it will be rather difficult for Russia to restore its former influence in the near future. Judging from the current situation, on the precondition of avoiding serious confrontation with the West as much as possible, Russia seems to be doing its utmost to strive for as many interests as possible in major issues involving it with a view to gradually restoring its big-power status.

Northeast Asia

Leaders, Japan's Takemura Discuss Loan 'Difficulties'

OW1101142895 Tokyo ASAHI SHIMBUN in Japanese
11 Jan 95 Morning Edition p 3

[By correspondent Hironori Nagamochi]

[FBIS Translated Text] Beijing, 10 January—During recent talks with Japanese Finance Minister Masayoshi Takemura, Chinese leaders disclosed that China has faced difficulties repaying yen loans because of the appreciation of the yen against the Chinese yuan, which makes China's debt repayment burdens heavier. Takemura is currently visiting Beijing. Japan and China recently agreed on a fresh package of yen loans to China for the fiscal 1996-1998 period. However, "the Chinese economy has taken a double blow" from the combined impact of the dollar's depreciation against the yen and the yuan's depreciation against the dollar, as stated by Chinese Finance Minister Liu Zhongli.

Chinese leaders told this to Takemura after they thanked him for continued Japanese yen loans, and Vice Premier

Zhu Rongji expressed his hopes for Japan, saying: "I hope Japan will continually play an active role." In China, the burdens of repaying yen loans are shifted on to local governments and large-sized state-run corporations. However, according to Finance Minister Liu, "The Government has received claims from corporations that their burdens of repaying the principal and interest on yen loans have become heavier."

China is being very careful not to lose its "honor." Thus, Japan's Finance Ministry believes that the statements that Chinese leaders made to Takemura were not "requests" for changing repayment plans. Chinese Vice Premier Zhu also said: "We will come up with all possible measures." Zhu, however, sought Japan's cooperation in increasing allotments to China of the World Bank's interest-free, long-term loans for developing countries, indicating that China is in need of huge financial assistance for nation-building.

After hearing what Chinese leaders had to say, Takemura said: "Japanese companies are the hardest hit by the appreciation of the yen," and "China should cope with the situation in accordance with the principles of the foreign exchange market." In this way, he urged China to observe "principles."

Japanese Finance Minister Interviewed

OW1101145495 Beijing XINHUA in English 1430
GMT 11 Jan 95

[FBIS Transcribed Text] Beijing, January 11 (XINHUA)—Visiting Japanese Finance Minister Masayoshi Takemura concluded his visit to China this afternoon.

In an exclusive interview with XINHUA before his departure, Takemura described his visit as "very significant".

During his stay in Beijing, Takemura said, he had a meeting with Premier Li Peng, in which he handed over a letter from Japanese Prime Minister Tomiichi Murayama and held "frank and earnest" discussions with the Premier on Japan-China relations and world issues.

He said that he also exchanged views with Chinese Vice-Premier Zhu Rongji on a wide range of issues, especially on bilateral economic and trade relations.

In regard to his talks with his Chinese counterpart Liu Zhongli, Takemura said that they discussed issues concerning the meeting of finance ministers of Asia and Pacific Economic Cooperation (APEC) and made great progress in the discussion.

On bilateral relations between Japan and China, Takemura said that the two are neighbors, and their relations have witnessed remarkable development since the normalization of ties.

"We shall further strengthen bilateral friendly relations in approaching the next century," in particular, bilateral trade and economic relations, which he described as "good and stable."

Commenting on China's present reforms of its financial system, Takemura said that the reforms are important to the country's general reforms and its opening up, as well as in improving its investment environment, adding that, "We hope the reforms will be successful."

Japan has been following China's financial reforms closely, since it is also very important in bilateral trade and economic cooperation.

Japan is also conducting financial reforms, he said, adding that he hoped that Japan's experiences in this field will be useful to China and that Japan is willing to share the experiences in the field of macro-economic control.

According to Takemura, the finance ministries of the two countries and related departments have established close contacts with each other. He hopes that such contacts will be enhanced in the future.

Touching on the fourth Japanese loan to China, the minister said that Japan and China reached an agreement on the loan at the end of last year, referring to the first three years of the loan, from 1996 to 1998, worth 580 billion Japanese yen.

"We hope the loan will be helpful to China's economic construction," he said.

The minister expressed regret over China's failure in its re-entry attempt in General Agreement on Tariffs and Trade (GATT), saying that China's re-entry into GATT and becoming a member of the newly established World Trade Organization (WTO) will benefit the development of the global economy. Japan is, in principle, in favor of China's joining the WTO and hopes that China will reach this goal at an early date.

'Positive' Changes on Korean Peninsula Reviewed

SK1201011495 Beijing China Radio International in Korean 1115 GMT 11 Jan 95

[Unattributed commentary: "On Positive Situational Changes on the Korean Peninsula"]

[FBIS Translated Text] A DPRK Foreign Ministry spokesman declared on 9 January that the DPRK will lift restrictions on the import of U.S. commodities and that U.S. trading ships will be allowed to enter DPRK ports in mid-January. By doing so, the DPRK has completely fulfilled its duty of easing trade and investment barriers under the DPRK-U.S. agreed framework on the nuclear issue.

Meanwhile, according to reports, the United States will ease restrictions on trade with the DPRK in mid-January and has allowed U.S. companies to transport DPRK commodities and to conduct investment surveys in the DPRK.

The first allotment of heavy oil that the United States has allowed to be transported to the DPRK will be shipped soon. This shows that the DPRK-U.S. agreed framework is

being implemented smoothly, and that situation on the Korean peninsula is continuously heading in a positive direction [chokkukchogin panghyang].

The situation on the Korean peninsula has clearly been eased since the DPRK and the United States reached the agreed framework on the DPRK's nuclear issue late October last year. It developed more positively in December last year. A DPRK Government delegation visited Washington for the first time in history in early December. In the four-day talks, the DPRK and the United States agreed to send each side's experts to the other side's capital city in 1995 to conduct a survey for selecting a site of each country's liaison office.

On 4 December, the ROK Government declared it would allow representatives of ROK businesses to visit the DPRK and promote mutual cooperation with their DPRK partners. On 11 December, 10 U.S. senators flew to Pyongyang and began their visit to the DPRK. This is the first time that a U.S. airplane lands on a DPRK airport since the ceasefire in Korea on 1953.

In basic consultations on 17 December, government officials of the United States, Japan, and the ROK initially agreed on appropriate regulations to organize a multinational group to jointly supply the DPRK with funds and materials for building light-water reactors.

The DPRK and the United States have handled pending issues reasonably for a comparatively short period of time since the U.S. Army helicopter's intrusion into DPRK airspace on 17 December. This shows well that both sides value the positive changes made in recent years in relations between the two countries.

This reminds people of the tense situation on the Korean peninsula that prevailed half a year ago. After the DPRK declared that it would replace nuclear fuel rods on its own, the United States announced a draft resolution on sanctions against the DPRK, which was supposed to be discussed by the UN Security Council. Then, the DPRK declared that this was a declaration of war against it. As a result, the situation on the Korean peninsula became strained to the breaking point. The United States commanded its Armed Forces, mobilizing warships, and advertised that a second Korean war would take place.

The DPRK, however, never yielded under U.S. pressure. With various efforts and Jimmy Carter's intervention, many countries finally reached a comparatively satisfactory basic agreement on the nuclear issue, avoiding the crisis for the moment.

The positive changes in the situation on the Korean peninsula show again that pressure is not useful in settling disputes and only aggravates conflicts and that only making efforts to find out similarities to take differences into consideration through equal dialogue is favorable in mitigating disputes.

The relaxed situation on the Korean peninsula is generally welcomed by the international community. However, the

DPRK and the United States still differ in opinion on some areas, and they should hold consultations on practical issues. Because the implementation of the DPRK-U.S. agreed framework by the DPRK and the United States is a long-term question to be solved in about 10 years, they will probably have some hardships in the course of its implementation. However, if many countries value the detente on the Korean peninsula and constantly make efforts to narrow differences in opinion, it is possible to achieve the two goals—denuclearization of the Korean peninsula and the protection of security on it.

Dandong Group, DPRK's WPK Secretary Hold Talks

OW1201113795 Beijing XINHUA Domestic Service in Chinese 1047 GMT 11 Jan 95

[By reporter Ji Xinlong (1213 2450 7893); XINHUA carries the following editorial note: "Exclusive use by newspapers and radio and television stations in Dandong City"]

[FBIS Translated Text] Pyongyang, 11 Jan (XINHUA)—On 11 January, Hwang Chang-yop, secretary of the Workers Party of Korea (WPK) Central Committee, met with a delegation from the Dandong City CPC Committee led by Yu Weizhong [3768 0787 5883], secretary of the city's party committee. The host and guests held talks in a cordial and friendly atmosphere.

Hwang Chang-yop expressed a warm welcome to the delegation on its visit to the DPRK at the beginning of the new year. He said: Dandong City is close to the DPRK and has had frequent contact with the country. The delegation's visit signals a good beginning for Korean-Chinese friendship in the new year.

Hwang Chang-yop indicated that the WPK will work vigorously to develop Korean-Chinese friendship, friendship that was forged in blood.

Chinese ambassador to the DPRK, Qiao Zhonghuai, was present at the meeting.

Political & Social

Beijing Official: Mao-Like Photo Presages Deng Death

HK1201063095 Hong Kong EASTERN EXPRESS in English 12 Jan 95 p 6

[By Bruce Gilley]

[FBIS Transcribed Text] A haggard and slouching Deng Xiaoping was revealed to the world last night in what observers are calling a repeat of the last days of Mao Zedong. The release of a photograph of Deng appeared to indicate that no further proof of the 90-year-old's continued existence would be issued during the lunar new year holiday.

The official China News Service (CNS) [ZHONGGUO XINWEN SHE] released the photograph of the ailing patriarch watching the fireworks display at the October 1 National Day celebrations. CNS said the photo was taken in the Zhongnanhai leader's residence compound.

"It shows the 90-year-old man sitting back on a spacious sofa with a blanket covering his legs," the agency said in the only comment on the photo. Deng was last pictured in Shanghai during the 1994 Spring Festival, where he appeared on his feet, supported by his daughters on either side.

The abandonment of the "standing Deng" image appears an admission of the deterioration of his health in the eight months between then and National Day.

"This is an invalid. He cannot even walk," said one Beijing government official who saw the photo earlier in the day. "It is part of the attempts to slowly get the people ready for his death."

The photo is contained in the official picture book of the National Day event, entitled Millions of People All of One Mind. Reports have had Deng criss-crossing the country for holidays in Qingdao, for blood transfusions in Shanghai, and for visits to his hometown, but observers have lent them little credence.

"His face is almost falling off his skull. It's a miracle he made it to the celebrations at all," the official said.

The release came only days after Beijing was obliged to deny a Japanese report that the patriarch was too ill even to see his designated successor, Jiang Zemin. Regional stock markets have been plummeting none the less.

"This is intended for domestic consumption. It is part of the methodical 'official death' of Deng, which is exactly how Mao was brought down to earth," the official said.

Other pictures in the album show Jiang "and other leaders of the second generation gathered on the rostrum of Tiananmen", CNS said. The association of Jiang with the rostrum—where Mao proclaimed the founding of the

People's Republic—was apparently an attempt to bolster the party general secretary's shaky image as the "core" of the country's leadership.

Deng's daughter and private secretary, Deng Nan, said earlier that her father had wanted to mount the rostrum for the celebrations but was prevented from doing so by doctors who warned of the bitter wind he would face. However, most observers attributed the patriarch's banishment to Zhongnanhai to watch the fireworks as an attempt to emphasise his withdrawal from the mainland's decision-making process.

PRC Paper Publishes Deng Photo

HK1201070995 Hong Kong AFP in English 0643 GMT 12 Jan 95

[FBIS Transcribed Excerpt] Shanghai, Jan 12 (AFP)—A Shanghai newspaper on Thursday was the sole major daily in China to carry the first updated picture of leader Deng Xiaoping in nearly a year, in a move seen by diplomats as rich in political implications.

"Xiaoping is in good health," read the headline that accompanied the fuzzy photograph of the ailing 90-year-old leader in the Liberation Daily [JIEFANG RIBAO], which is run by Shanghai's communist party committee. It was the first image of Deng to be made public since the Lunar New Year last February. In that footage 11 months ago, Deng was shown on national television at a reception in Shanghai, shuffling along and helped along by his daughters, his eyes vacant.

Shifting from the moving image—which left investors stunned at the obvious decline of the architect of China's economic reforms—the latest media portrayal is a still photograph of Deng, seated. Distributed by the semi-official China News Service (CNS) [ZHONGGUO XINWEN SHE] on Wednesday, the photo showed Deng at Zhongnanhai, the exclusive communist-party compound in Beijing, watching fireworks on China's national day on October 1. It was also carried in Hong Kong's two major pro-Beijing dailies, TA KUNG PAO and WEN WEI PO, without references to Deng's health.

Shanghai, China's industrial and financial center, has profited greatly under the market-oriented reforms Deng introduced in the late 1970s after the death of Chairman Mao Zedong. Many of its past leaders now are in key positions of power in Beijing, where they are known as the "Shanghai clan," led by communist party general secretary and state president Jiang Zemin. "Jiang and the reformers have an interest in showing that Deng is still on the scene and taking part in all the major events of the country," one diplomat said. "It's not by chance if this photo appeared in a major newspaper in Shanghai," he added. "The 'clan' is still influential there. [no close quotation mark as received] [passage omitted]

In Beijing, the People's Daily [RENMIN RIBAO] newspaper, official voice of the communist party's central committee, declined to explain why it did not run the

photo. "We have no comment to make on this subject," an official in the editorial department said.

CNS was set up in September 1952 by the overseas Chinese affairs bureau of China's State Council (cabinet) to disseminate Beijing's views to Chinese communities abroad.

In general, all news about Deng is handled by the propaganda department of the communist party, run by Ding Guangen, a member of the politburo. But an official at Liberation Daily said the latest photo "was not the subject of a directive." "We only thought it was interesting material and we alone decided to publish it," he said. "All the major Chinese newspapers, particularly those in Beijing, should in principle have been aware of it," he added. "Maybe they do not have the same news perspective as we do."

New Book Reportedly Carries Photo

OW1201142395 Beijing XINHUA in English 1413 GMT 12 Jan 95

[FBIS Transcribed Text] Beijing, January 12 (XINHUA)—China for the first time has published a picture of Deng Xiaoping watching fireworks on October 1, 1994, celebrating the 45-year anniversary of the establishment of the People's Republic.

The picture is included in a recently published collection showing how the Chinese celebrated China's National Day last year.

The album consists of three parts. The first depicts Chinese leaders and representatives from all walks of life and overseas guests gathered on Tiananmen Square to celebrate the great occasion. The other two parts show people from different provinces and municipalities celebrating the day in different places.

President Jiang Zemin wrote the calligraphy for the title of the album which was published by the Beijing Press.

Former Shanghai Mayor Says Deng in Beijing

OW1201143895 Tokyo KYODO in English 1420 GMT 12 Jan 95

[FBIS Transcribed Text] Shanghai, Jan. 12 KYODO—China's paramount leader Deng Xiaoping is in good health and in Beijing, former Shanghai Mayor Wang Daohan told KYODO NEWS SERVICE on Thursday.

Deng's whereabouts have been the subject of recent speculation, but coming from Wang who is chairman of China's Association for Relations Across the Taiwan Straits, a quasi-official body handling China's relations with Taiwan, the news has some authority.

Wang was mayor of Shanghai prior to Chinese President Jiang Zemin and is reportedly close to Deng.

Wang also said the 90-year-old Deng is in good health.

In recent years, Deng has made it a custom to spend the Chinese New Year in Shanghai.

A Chinese Foreign Ministry spokesman told journalists at a regular briefing in Beijing on Thursday that Deng is in good health.

The spokesman said he could not comment on whether Deng will make his regular television appearance before the nation on the eve of the Jan. 31 Chinese New Year celebration.

Qian Qichen Interviewed on Diplomacy, Economy

HK1201061395 Beijing SHIJIE ZHISHI in Chinese No 1, 1 Jan 95 pp 2-3

[Interview with Qian Qichen, State Council vice premier and foreign minister, by staff reporter Shi Zhi (0670 0037) in the "Exclusive New Year Interviews" column: "China's Diplomacy and Economy"]

[FBIS Translated Text] Qian Qichen, State Council vice premier and foreign minister, has been an ardent supporter of SHIJIE ZHISHI and has been interviewed by our staff reporters on many major international issues and on China's diplomatic activities as well as on numerous occasions. Each time, Vice Premier Qian found time in the midst of pressing affairs to attend our interviews and conscientiously and patiently answered questions raised by our staff reporters. Those interviews, especially exclusive new year interviews, have been warmly received by readers. Recently, our staff reporter once again interviewed Vice Premier Qian on several issues (believed to be of concern to the broad masses of readers).

[Shi] China pressed ahead vigorously with diplomatic activities in an unprecedented manner in 1994. Not long ago, foreign news media reported that China's omnidirectional diplomacy has scored enormous achievements. How do you view China's diplomatic achievements over the past year?

[Qian] China is willing to develop friendly relations of cooperation with all countries in the world on the basis of the five principles of peaceful coexistence. We have attached great importance to relations with both developed and developing countries. We have also attached special importance to developing friendly and good-neighborly relations with surrounding countries. China has unswervingly implemented the policy of opening to the outside world. The foreign reports of China's successful omnidirectional diplomacy are true to the facts.

China energetically carried out diplomatic activities and achieved phenomenal diplomatic successes in 1994. Chinese leaders paid visits to scores of countries in turn on all five continents. Meanwhile, heads of state or government from more than 40 countries also visited China one after another. The international community has attached growing importance to China's position and role in the world. As a result, China now has more friends and more cooperation partners.

What is worthy of special mention is that China has also comprehensively developed friendly and good-neighborly relations with surrounding countries. For instance, China has forged closer ties with the Asia-Pacific countries. Last November, President Jiang Zemin attended the second unofficial meeting of APEC [Asia-Pacific Economic Conference], during which he met with the heads of state of some 10 APEC countries and succeeded in enhancing mutual understanding and bilateral ties with the APEC countries. After experiencing a tortuous process, China's relations with most Western countries entered a new stage marked by improvement and development. At the start of 1994, China and France issued a joint statement on normalizing bilateral relations. Last May, President Clinton announced his decision to delink China's most-favored-nation trading status from human rights issues. Last October, China and the United States signed a nuclear nonproliferation agreement. In the meantime, the U.S. side lifted sanctions imposed on Chinese companies since June 1993. Last December, the European Union officially lifted two remaining sanctions imposed on China, namely, reciprocal visits between heads of state and military exchanges. During President Jiang Zemin's visit to Russia, China and Russia signed a joint communique, each side pledging not to be the first to use nuclear weapons against the other and not to train strategic nuclear weapons on the other. Moreover, China and Russia also signed an agreement on the demarcation of the western section of the Sino-Russian border. All these can be regarded as phenomenal achievements.

In addition, we have done a lot of work in respect of promoting the great cause of reunification of the motherland; opposing "Taiwan independence"; and ensuring a smooth transfer of power as well as a smooth transition in Hong Kong and Macao.

China has also made unremitting efforts to safeguard peace and stability and promote common development in the world and has been spoken of highly by the international community for its endeavors in this connection. World opinion believes that China is an important factor for stability in a volatile world. Given the current volatile international situation, improving and expanding relations of cooperation with China is now a trend of the times. It can be said that the world now has a better understanding of China.

[Shi] Since the end of the Cold War, the world has been moving toward multipolarization. Under the new circumstances, economic factors have gained in importance. What is your opinion of this change?

[Qian] In the Cold War period, military security was the overriding factor in international relations. Since the end of the Cold War, economic factors have gained in importance at the expense of the military factor, this being a salient characteristic of present-day international relations. At present, all countries the world over are in the main engaged in economic, scientific, and technological competition in the hope of enhancing their own comprehensive national strengths and securing a more favorable

position for themselves in the upcoming 21st century. That economic considerations override any other considerations is now a global trend. In consequence, economic and trade relations are of growing importance to not only bilateral diplomacy but also multilateral diplomacy. All countries in the world now attach great importance to direct economic interests and tend to focus on economic and trade issues in discussions. It is now fashionable for national leaders to get directly involved in economic and trade issues and to personally promote economic and trade cooperation. Moreover, the global integration, regionalization, and conglomeration process has been gathering speed. The integrated European market is extending to both Eastern Europe and the Mediterranean in the south. The North America Free Trade Agreement has also officially come into force. Last November, APEC issued the "Bogor Declaration," pledging to attain the goal of liberalizing regional investment and trade. At an American summit meeting convened last December, the heads of state of some 34 American countries decided to liberalize regional trade by the year 2005. On 15 April 1994 some 117 countries and regions signed in Marrakesh, Morocco the final document of the Uruguay round of GATT talks and an agreement on setting up the World Trade Organization, thereby making an important contribution to global economic integration. All these are exerting and will continue to exert a profound impact on overall international relations, including the future global structure.

[Shi] Now people are saying that East Asia has become a new area of global economic growth and that China is playing an important role in this regard. How do you view this?

[Qian] The Asia-Pacific region is a region that is enjoying relative political stability and the fastest economic growth and most dynamic development in the world. China's sustained, rapid, and healthy growth is of great significance to East Asian economic growth, for China is a big Asian country. Some foreign reports have stated that China's economic growth has been playing a "locomotive" role. Whether such a view is accurate or not is worthy of further exploration. The China market's huge potential has gradually been recognized, generating strong appeal and attracting global concern and attention, and this is a fact. It can be said that a peace-loving and developed China is at once a staunch force for safeguarding Asian and global peace and also an important factor in promoting common prosperity and development among Asian and other countries in the world. As a component of the world economy, China's economic construction and development need the cooperation of all countries in the world, while world peace, stability, development, and prosperity need China's participation. SHIJIE ZHISHI stated in its first issue some 60 years ago: "China has now become a China of the world." This view is still of realistic significance today.

"Chen Xitong 'Welcomes' Media Criticism

HK1201114095 Beijing ZHONGGUO XINWEN SHE
in Chinese 1132 GMT 11 Jan 95

[By Xu Hong (1776 3126): "Chen Xitong Welcomes Stronger Criticism From the Mass Media"]

[FBIS Translated Text] Beijing, 11 Jan (ZHONGGUO XINWEN SHE)—Chen Xitong, secretary of the Beijing Municipal CPC Committee, said today that he hoped media organizations, including news agencies, newspapers, radio stations, and television stations, would offer stronger criticism while affirming the achievements made by Beijing.

This member of the Political Bureau of the CPC Central Committee stressed the role of supervision by public opinion at a forum of major leaders of the Beijing Municipal CPC Committee and the Beijing Municipal Government and people in charge of over 40 central media organizations. He said: Your criticism of Beijing is a kind of help which is indispensable and very important.

He thanked RENMIN RIBAO for a report. It was learned that the newspaper published on 19 December last year a group of photos which criticized Beijing's dirty, chaotic, and poor streets blocked by street hawkers. He said: The exposure of such problems will not bring about greater chaos, but will encourage us to solve problems.

He said: Central media organizations have carried a lot of positive reports about Beijing, but not many critical reports. In future, they should make greater efforts in this respect.

Hu Jintao Praises Model Workers at Cotton Mill

OW1201022495 Beijing XINHUA Domestic Service in Chinese 1143 GMT 28 Dec 94

[By reporter Yang Qing (2799 7230)]

[FBIS Translated Excerpt] Beijing, 28 Dec (XINHUA)—Hu Jintao, member of the Standing Committee of the Political Bureau of the CPC Central Committee and member of the Secretariat, today paid a call to workers at Beijing No. 2 Cotton Mill. He also attended an informal discussion there with model workers from various trades and professions. He emphasized that leading comrades of party committee and government at all levels must make an additional effort in fostering a firm mass viewpoint, adhere to the mass line, carry forward the fine workstyle of maintaining close ties with the masses, show care for the masses' well-being at all times, and help them solve problems of daily life.

Accompanied by Zhang Dinghua, vice president of the All-China Federation of Trade Unions and first secretary of its secretariat, and Li Qiyuan, deputy secretary of the Beijing Municipal Party Committee and mayor, Hu Jintao visited the mill's workshops, called on workers on the production lines, and heard a briefing by the cotton mill's leadership on the company's basic situation. Over the past year the cotton mill made hard-won progress by surmounting difficulties; Hu Jintao fully affirmed its achievements and urged it to continue its efforts in intensifying reform, steadily forge ahead, and make still greater contributions.

At an informal discussion with Fan Shizu, Feng Changgen, and 19 other model workers from various quarters in Beijing, Hu Jintao conveyed regards and respects of the CPC Central Committee to both model workers and the vast number of workers in all sectors across the country. Speaking highly of the outstanding contributions and the positive impact of model workers, he pointed out: Under the conditions of reform, opening up, and developing a socialist market economy, it is all the more important to energetically promote the noble spirit and worthy characters of model workers, bring into greater play their leading and exemplary role, and to foster in society a atmosphere in which people are eager to learn from, support, catch up, and even surpass the advanced.

The party and society at large must respect, support, and cherish model workers, and party and government leadership at all levels must care for and support model workers politically, ideologically, and in work and livelihood. He urged model workers to have a clearer understanding of their social responsibility, be modest and prudent, continue to exert themselves, keep forging ahead, and make new achievements and contributions in the great practice of building socialism with Chinese characteristics. [passage omitted]

State Law Firms Struggle in Market Economy

HK1201031895 Hong Kong AFP in English 0136 GMT 12 Jan 95

[By Tiffany Bown]

[FBIS Transcribed Text] Beijing, Jan 12 (AFP)—China's state-run law firms are striving to adapt to compete in an increasingly fierce market, but the legacies of their "iron rice bowl" past continue to hinder development. Weighed down by the burden of their "state-run" classification, of old and incapable lawyers, and—until recently—government salary restrictions, few such practices have achieved the economic success of private-sector counterparts that have mushroomed since being authorised in 1988.

Their problems date back to the early days of reform some 15 years ago, when the government supported all new law firms as it sought to revive a profession that had disappeared for 10 years during the chaos of the Cultural Revolution. The newly trained generation of lawyers was allocated jobs, receiving state salaries and cradle-to-grave care from state-funded work units under the "iron rice bowl" socialist welfare system.

Many lawyers in state-run firms insist that reforms in recent years have left them indistinguishable from private partnerships in all but name and, in some cases, a professed "moral" obligation to continue to handle low-paying civil and criminal cases as well as more lucrative commercial ones. "We haven't received a penny from the state since 1985," says Kang Jian, director of the municipal Beijing No. 1 Law Office, one of the first practices to open in 1979. Virtually all the investment in Kang's

practice comes from its collective earnings. Lawyers are employed on merit and the firm has complete independence in everything from salaries to choice of cases, she says.

Fen Bailu, director of the Ministry of Justice's lawyers' department, says the government has been encouraging reforms to ensure all China's 4,400 state-run and about 1,000 private practices "become independent service organisations." But many former and current state employees are unimpressed by the changes. "State-run firms have had little chance to develop as good and bad people are mixed up together. Old lawyers don't work but they still get paid, while incapable ones get the job through connections and do nothing," said Zheng Aili. "Us good ones earned all the money and others spent it," said Zheng, who recently abandoned her state job for the private sector, a path taken by numerous ambitious young lawyers, particularly those with overseas training.

The trend has left state firms lumbered with many employees lacking talent, motivation and foreign language skills, limiting their access to major commercial cases, particularly those with foreign clients. With many firms focused instead on smaller domestic commercial matters, as well as civil and criminal cases, salaries remain lower than in private practices, despite the lifting of government pay restrictions in 1992. Kang also acknowledged that the burden of retired lawyers was "seriously influencing our development," with the practice last year obliged to hand over 600,000 yuan (70,000 dollars) to the justice ministry to care for eight former employees in their old age.

That state firms are falling behind private practices economically is evident from one look at their generally shabby offices in old communist blocks, a far cry from the sophisticated premises of many partnerships located in the capital's newest highrises. Judging by their offices, a handful of large, central government-approved state practices under the umbrella of some of China's most powerful corporations are having more success than their municipal counterparts in competing with private firms for big commercial contracts. But, in reality, they are experiencing perhaps even greater difficulties, with the burden of their corporate links—once regarded as a benefit—now adding to the difficulties of creating an incentive-oriented environment capable of retaining good lawyers. "The link makes foreign clients think we're not independent and it can cause a conflict of interest," said a lawyer at one major state practice, adding that the corporations restricted the independence of the practices as well as maintaining some control over salaries.

C and C Law Office is now seeking to sever its ties to China International Trust and Investment Corp. and become a partnership, but—like other state practices hoping to make a break—the process has become caught up in wrangling over the operation's assets.

Health Ministry Conducts AIDS Study

HK1201120995 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 3 Dec 94 p 11

[Report: "Spread of AIDS in China and Future Trends"]

[FBIS Translated Text] Since the first AIDS case was identified in China in June 1985, a total of 1,550 cases of HIV infection (of which 295 are linked with foreigners and overseas Chinese and 1,212 Chinese) had been reported by November 1994, including 43 AIDS patients (22 of whom have already died). These infected persons and patients are distributed in 22 provinces/municipalities, including Yunnan, Guangdong, Beijing, Shanghai, Fujian, Zhejiang, and Sichuan. Over 79 percent of those infected were identified in Yunnan province. Before 1989, most of those infected had done so abroad, but since 1989 the percentage of those who became infected at home has risen drastically. The spreading of this syndrome reveals the following characteristics:

- It has spread mainly in areas along the border, coastal areas, and large cities. In large cities, most of those infected were involved in casual sex; in coastal areas, most of those infected are those who have travelled abroad to visit relatives; in hinterland provinces, most are found among those who have worked abroad under labor export programs; and in the border areas of southwestern China, those infected are mainly people who indulge in drug use through intravenous injection.
- Most of those infected are young people and are in the 30-50 age bracket, with over 80 percent of them in the prime of their lives, between 20 and 49.
- Infected persons are distributed in various social sectors, ranging from workers, peasants, and businessmen to students, servicemen, and cadres, with peasants making up over 70 percent of the infected population.
- Casual sex is gradually becoming a major channel of infection. Although current statistics show that most infected persons are drug addicts who inject intravenously in the southwestern border areas, the increase is steady for this part of infected population, while the proportion of those infected with AIDS through sexual contact is increasing every year, from 5.6 percent in 1991 to 13.8 percent in 1992 and 15.7 percent in 1993. In most provinces/municipalities except Yunnan, infection with AIDS is mostly contracted through sexual contact.

According to experts' estimates, as blood tests have only been carried out on the 3 million people who are most vulnerable to AIDS infection and have already turned up more than 1,000 cases of HIV infection and AIDS patients, the actual number of AIDS cases could be as high as 5,000 to 10,000 throughout the country, and at the moment this population is growing.

The recently completed "Study of AIDS Prevention Strategy in China," a project run jointly by the State

Council Research Office and the Ministry of Public Health, forecast the spread of AIDS in China. The research concludes that the rapid spread of AIDS abroad, especially in China's neighbors, will inevitably have an impact on this country. The following factors cause the rapid spread of this syndrome: high population density and a large floating population provide opportunities for AIDS to spread; the public is ignorant about AIDS prevention and has a poor sense of self-protection in this regard; prostitution, which has led to an increase in the number of venereal disease patients each year, will become an important factor in the spread of AIDS in the future; the number of drug addicts keeps increasing; deficiencies in prevention and sterilization are responsible for AIDS spreading in the course of medical treatment; and so on. If we do not take resolute measures right away to prevent and control the disease, we will possibly lose a good opportunity to prevent and curb the spread of AIDS. A forecast based on a moderate rate of increase indicates that by the year 2000 there will be 100,000 people infected with HIV in China, and the number of AIDS patients could be as high as 20,000.

New Measures Taken in Infant Health

OW1101145895 Beijing XINHUA in English 1359
GMT 11 Jan 95

[FBIS Transcribed Text] Beijing, January 11 (XINHUA)—China will take stronger measures to eliminate tetanus in new-born infants, encourage the use of oral fluids as a treatment for diarrhea, and popularize the use of iodized salt to improve the health of its people.

At a workshop on the Implementation of the National Plan of Action for Children in China in the 1990s (NPA), held here today, the view was expressed that China needs to make further progress in the three above-mentioned areas.

Lakashman Wickamasinghe, a project officer with the representative office of the United Nations Children's Fund (UNICEF) in China, said that China has been advancing steadily in implementing the goals of the NPA with only these three left.

The NPA was adopted in 1990 at the World Summit for Children, which endorsed the World Declaration on the Survival, Protection and Development of Children and the Plan of Action for Implementing the Declaration in the 1990s.

According to the two documents which the Chinese government signed in 1991, China must eliminate tetanus in infants by the end of this year, for which the Chinese government has reportedly allocated some four million U.S. dollars.

The Experts Committee of the China National Committee on Care for Children (CNCCC) carried out research in southwest China's Sichuan and Yunnan provinces, in central China's Hunan and Hubei provinces, in east China's Anhui province, and in Hebei province in north

China. A survey on 3,500 households in the six provinces has provided useful evidence for mapping out measures to implement the NPA.

Ji Xiaocheng, chief member of the survey, said that many tetanus cases occur in remote areas where people without much education still rely on old methods of delivering children. He called for new delivery methods and preventive inoculations for pregnant women to reduce the incidence of tetanus.

Just two injections during pregnancy will protect a woman's child from tetanus for months after it is born.

On the issue of iodized salt, Ji noted that China is a country where the iodine content falls far short of what is needed. More than eight million people have lower IQ than normal because of a lack of iodine in their diets. About 400 million people, or one out of every three Chinese, live in areas where the iodine supply is far from sufficient.

A simple and effective way to solve this problem is to add iodine to the salt and oil that people eat. China is now promoting the use of iodized salt nationwide. But, reports say that 95 percent of China's edible salt is in need of iodine. More than 60 percent has had iodine added, and experts say it is possible for China to fill the gap. [figures in two previous sentences as received]

Ji said that diarrhea occurs frequently but is often not serious in China, and oral fluid infusions are efficacious for treating cases. China plans to increase the use of oral fluids from the present 53 percent to 80 percent.

Statistics show that China received more than 160 million U.S. dollars from the UNICEF from 1980 to 1993, which was spent on planned immunity, recovery of disabled children and the health care of women and children.

Tongji University Picks Head 'Democratically'

OW1201043495 Beijing XINHUA in English 0412
GMT 12 Jan 95

[FBIS Transcribed Text] Beijing, January 12 (XINHUA)—The first democratically-elected university president in China was chosen at Tongji University in Shanghai early this month, and is waiting to be formally invested by the State Education Commission.

Tongji is one of the top higher education institutions in China, famous for its building and engineering design majors.

The State Education Commission issued regulations last October, aimed at building a system to select a university president according to democratic practices and widely-accepted norms.

It says that any person with a sound scholarly record, superior leadership ability, and of a suitable age can campaign for the position, whether he or she is among the

staff of the university or not, and without regard for which party or organization he or she belongs to.

The term of the incumbent president of Tongji University Gao Tingyao will expire very soon, so the State Education Commission authorized it to elect a new president in a democratic way.

To find the ideal candidate for the position, Tongji set up a joint committee with representatives from all walks of university life in compliance with the regulations of the State Education Commission.

The State Education Commission is expected to announce the name of the next president in the near future.

*Article Views Origins of Third Eye

95CM0057A Hong Kong KAIFANG [OPEN
MAGAZINE] in Chinese No 94, 1 Oct 94 pp 20-23

[Article by Ling Chen (0407 6591): "A Sign of Action by Cabinet Formers—Ins and Outs of the Publication of the Wonderful Book—*The Third Eye*"]

[FBIS Translated Text] Editor's note: The wonderful book *China in the Third Eye* is widely believed to be a wind vane for Chinese Communist politics in anticipation of the arrival of the post-Deng era. This article is a unique in-depth report on the ins and outs of the publication of that book, pointing out that the young and energetic cabinet formers headed by Chen Yuan, son of Chen Yun, are building their image in preparation for mounting the political stage. [end editor's note]

I. Wang Shan (3769 1472) Is Not Capable Enough To Write Such a Book

"Using novels to oppose the party is a great invention." This is a famous saying of Mao Zedong. The appearance of *The Third Eye* is also an invention in that it uses a fictitious foreign scholar to criticize established policies of the Chinese Communists. This is a strange thing in a country that lacks freedom of press and publication.

Apart from exclaiming about the author's dauntless courage, people are bewildered at the miraculous fate of this book. Control over publications and the media is the last line of defense line of the Chinese communist regime. Even without using the force of dictatorship, the publication administration department alone is absolutely able to find out the real author of the book. Also, if Wang Shan and his agents refuse to tell the truth, the public security authorities can, "according to law," use "handcuffs" in dealing with this obvious "act of publishing illegal printed matter." As a matter of fact, however, everything has turned out to be peaceful. What is more, Wang Shan has said frankly: "As long as I and my agent keep our mouths shut and do not leak the information under any circumstances, nobody can know the real facts."

Who would have such courage to contravene the authorities? When making the above remark, Wang Shan was smiling (he has a baby face and smiles always with closed

lips). His agent, Xu Ping (1776 0365), said tactfully: "It is not appropriate to talk about this matter. If things go wrong, several officials may lose their positions."

As far as I know, Wang Shan could in no way have written *The Third Eye*, judging from his writing skill and the field of his specialty. Some people suspect that the book was written by He Xin (0149 2450). But the fact is that He Xin has a clear-cut viewpoint. Backed by some people, he has already said what he wants to say. And, in view of his present position and power, he need not dish up a fictitious foreigner.

II. Wang Shan's Relations With the Xidan Wall Democratic Publications

Then whose eye is this? According to my investigation, there is every indication that it must be the eye of Chen Yun's son—Chen Yuan.

Many people have overlooked Wang Shan's mysterious social background. He was not a poor boy who "had only five years of elementary schooling before he dropped out due to poverty" as alleged by KAIFANG [Open Magazine]. Actually, he was the son of a cadre. It is true that he was sent to the countryside, but because of his privileged background, he quickly returned to the city to work in a factory. Later, he joined the army and the party. After leaving the army, he got a job in the office of the Beijing Normal University CPC Committee (he did not do "general administrative work" as alleged). This job at Beijing Normal University (the alma mater of Wuer Kaixi) is a key part of Wang Shan's background.

This was during the heyday of Beijing's Xidan Wall (1978-1979). Among the numerous democratic publications at that time was a magazine entitled "WO TU" [3087 0960 Fertile Soil]. It was in this magazine that the well-known article "On Freedom of Speech" by Hu Ping [5170 1627] and the film script "In the Social Files" were first published. Besides Hu Ping, a graduate student of world economics at Beijing University's Economics Department by the name of Jiang Hong [1203 3163] was also on the magazine's editorial staff. Other editors included Zhao Suisheng [6392 4482 3932] and Xiao Chi [5618 7459] (son of Xiao Qian), presently in the United States, and Zhang Zhiye [1728 1807 2814], presently in Canada, in addition to those who are currently at home. At that time, Jiang Hong had just gotten married but had no house. He and his wife temporarily borrowed a room in the North Building (dormitory for female students) of Beijing Normal University. Wang Shan lived in the South Building (a dormitory for bachelor employees). Hu Ping, Zhao Suisheng, and Zhang Zhiye often went to the female students' dormitory to attend meetings. It was also at that time that Wang Shan got acquainted with Jiang Hong. For a period, the mimeograph machine for printing "WO TU" was kept in the South Building, and Wang Shan helped a lot with the publication of this magazine.

In fact, none of these things escaped the attention of Chinese communist agents at that time. Shortly afterward,

the authorities abolished the Xidan Wall, and "WO TU" was closed down. Hu Qiaomu sensibly discovered that, among the numerous democratic publications at that time, "WO TU" had the best theoretical quality. Accordingly, he instructed the Beijing Municipal Public Security Bureau to place the case of "WO TU" on file for investigation—this case, dubbed "No. 2 Case," was not removed from the active file until 1985. Of course, Wang Shan could not escape his misfortune. How could a person involved in the Xidan Wall activities continue to work in the CPC Committee? He was, therefore, transferred away from Beijing Normal University.

III. Jiang Hong Gives up the Democratic Movement and Turns His Attention to the "Cabinet Formers"

Nonetheless, Wang Shan did not sever his relations with Jiang Hong and other members of "WO TU." One exception was the writer of "In the Social Files," who secluded himself from society and the identity of whom the Chinese communist authorities still cannot find out even today after 15 years. In fact, many former "WO TU" members maintained contacts with Wang Shan. Among them, the one with the closest relations with Wang Shan was Jiang Hong, now a professor of economics.

Around 1985, the liberals who had been active in the days of the Xidan Wall began to divide considerably. While some of them, like Wei Jingsheng, were jailed, many went over to other strongholds or formed their own. At that time, Beijing had an array of strongholds, and as Jiang Hong said, if you don't know those strongholds clearly, don't imagine that you could eke out a living in academic or political circles. The Rural Development Research Group established in 1980 was known as "Deng Ligu's flotilla" at the beginning. It was led by Chen Yizi [7115 0001 6171]. Later, as this research group's relations with Deng gradually became estranged, it began to draw the attention of all strongholds in Beijing. Meanwhile, the strongholds constantly contended with one another. Many liberals, including Chen Yizi and Zhu Jiaming [2612 0857 2494], were very unhappy at that time. Some of them were even so indignant that they left Beijing for other provinces to open up new territories. Previously, Chen Ziming [7115 1311 2494] and Wang Juntao [3769 6511 3447] cooperated pretty well with Jiang Hong, Hu Ping, Zhao Suisheng, and Zhang Zhiye, but now Chen and Wang were enthusiastic about making money by buying and selling motorcycles and television sets and running correspondence schools. They did set up a research institute, but it accomplished nothing politically. On the other hand, they offended quite a few people for reasons related to money.

At this time, Jiang Hong received support from Chen Yuan, son of Chen Yun. Chen Yuan, then secretary of the party committee of Beijing's Xicheng District, supported Jiang Hong in establishing the "Beijing Economics Research Institute" (the institute's administrative building was close to the personnel bureau of the Xicheng District Party Committee). This formed the foundation of relations between Jiang Hong and Chen Yuan in the days to come.

Today, Jiang Hong is the brains behind Chen Yuan, while Chen Yuan and Jiang Hong have gradually become a non-government think tank for the authorities. To conduct reform successfully in China, Jiang Hong says unequivocally, you cannot pin your hope on any force outside the present power structure; only by relying mainly on the forces within, is it possible to achieve this objective. For this reason, Jiang Hong has increasingly divorced himself from the liberals outside the present power structure. He resolutely refrains from communicating and maintaining contacts with those who have gone overseas, such as Hu Ping, Zhao Suisheng, and Zhang Zhiye. Instead, he is making positive strides toward the internal target. His target is the future cabinet formers, whose leader is Chen Yuan, a quietly rising star.

IV. Mysterious Relations Among Wang Shan, Jiang Hong, and Chen Yuan

Obviously, the Wang Shan-Jiang Hong-Chen Yuan relationship is a linear one, in which Jiang Hong serves as a critical link between the other two. Jiang Hong claims that he is equivalent to "the Chiang clique, foreign devils, and the Blue and Red Gangs" and is acquainted with both government officials and public figures without official posts. He is not only resourceful in the normal ways of doing things, but also adept at irregular tactics. This has provided a background for the publication of such books as *China in the Third Eye*.

I think two things are necessary for writing and publishing *The Third Eye*. There are hard and soft requirements: One is the theoretical and ideological expertise as well as the viewpoint contained in the book. The other is the ability to publish the book in an irregular way.

Let us look into the first point. Obviously, this is what Chen Yuan and Jiang Hong possess. Having changed from a radical liberal into an intellectual strongly in favor of authoritative politics and the controlled-economy theory, Jiang Hong has now been accepted by the authorities (a clear piece of evidence is that he is still teaching at Beijing International Relations College under the Ministry of Public Security). Anyone who has read the book *The Third Eye* can clearly sense from the contents the guiding ideology of Chen Yun and his son Chen Yuan. All in Beijing's intellectual circles are aware that Jiang Hong is talented and knowledgeable, his mind is keen, and his viewpoint is new. Obviously, only a talent like him could write, with Chen Yuan's tacit consent, a book with such acute and rich content.

With regard to the second point, this is especially Jiang Hong's characteristic ability. Chen Yuan himself need not bother to have arranged for the publication of the book, as Jiang Hong is completely at home in such matters. What Chen Yuan needed was a man to do the actual publication work. In fact, Jiang Hong as well as Chen Ziming and Wang Juntao in the days before the 1989 democratic movement had shown their distinct ability in publication circles. From 1985 to 1986, Jiang Hong and Chen Ziming cooperated in publishing several book series. Among them

are the relatively famous "Series on Urban Economic Reform" and "Series for Entrepreneurs," which include works of Hu Ping, Jiang Hong, Zhao Suisheng, Zhang Zhiye, and Chen Ziming. All these were published by irregular means. In addition, they used the method of buying publication approval numbers to publish several books purely for profit-making purposes, such as books dealing with "the art of life." In particular, it should be noted that Jiang Hong's wife is a businesswoman in the non-government publishing business. For the above reasons, apart from Jiang Hong, you could hardly find anyone who could make *The Third Eye* so perfect in all its aspects from contents to form.

From any perspective, *The Third Eye* is definitely an "illegal publication." In no way could such a banned book, which shocked the upper stratum of the Chinese communist regime, be published by people like Wang Shan by simply relying on their daring courage. Without the subtle line from Chen Yuan to Jiang Hong and from Jiang Hong to Wang Shan, or more specifically without Chen Yun's powerful influence, *The Third Eye* could only tell lies, but not the truth.

V. The "Third Column" Begins To Act

In appraising this book, we should not merely look at its contents and form. The key is that it is a special signal at a special time.

Why did Chen Yuan and Jiang Hong put out the book at this time, breaking their many years of silence and low profile? According to those knowing the inside story, the obvious reason is that they think, as cabinet formers, the "Third Column" (this is the best interpretation of why the book is called *The Third Eye*) should act at this time, considering the coming post-Deng Xiaoping era.

When considering the coming post-Deng era, Chen Yuan and Jiang Hong know quite clearly that the present leadership, including the so-called Jiang-Li-Zhu system, cannot take over power smoothly because of the accumulated deep resentment of the people and the serious encumbrance left over from the 4 June incident. On the other hand, the democratic promoters and liberals who emerged in the wake of the 5 April Movement have mostly gone abroad, except a few who have been arrested or placed under surveillance. For one reason or another, they are now much less understood and accepted by the public and are in a disadvantaged position. Aside from these two extremes, the middle-of-the-road cabinet formers, with Chen Yuan as their typical representative, enjoy a considerable advantage in affecting and guiding China's future politics. Moreover, the state of mind of the general public is that, apart from the special factor of the PLA, they are more likely to agree with, accept, and trust the representatives of the intermediate force. Judging from their current situation, Chen Yuan, Jiang Hong, and their ilk are now fully fledged with the following favorable conditions to achieve their goal as cabinet formers:

1. They conceal their true intentions and strategies, thus averting accusations from others. In addition to supporting

Jiang Hong's Beijing Economic Research Institute, Chen Yuan is making all-out efforts to bolster the Beijing Youth Economics Society, which has done a lot of theoretical studies and macro-research in these years, filling the void left by the collapse of the liberals. From the materials I have seen, one striking characteristic of its research work is policy advice and reference. Some important research results (for example, research reports on population and economic development) have been submitted through Chen Yuan to the central authorities and received their attention. Actually, Chen Yuan is not an ordinary prince. He has his own theory and administrative programs, but not the bad acts of other princes (in particular those engaged in business), and because of this, he evokes no accusation from others. After many years of concealing his true intentions and strategies and "painstaking preparatory efforts" (as Jiang Hong said), he has reaped the fruit.

2. They work pragmatically and peacefully. Over the past decade, the cabinet formers have all along taken academic research as their main task, with particular emphasis on the macroeconomy, and have constantly submitted advisory reports to the authorities. With their pragmatic style of work, it is almost impossible for them to arouse the suspicion of leaders within the current power structure. For this reason, they are tolerated by the authorities.

3. They have all kinds of capable personnel after absorbing deserters and turncoats. In recent years, strongholds in Beijing have divided seriously. Those who stay in exile overseas can have no say about things at home. This has given an excellent opportunity for Chen Yuan and Jiang Hong to win them over. As a matter of fact, the "third column" represented by Chen and Jiang has gradually grown into a big "shadow cabinet." Each year its members hold several meetings, at which they openly voice support for Chen Yuan. Among the members, such people as Li Jiange (2621 0494 7041) and Ma Kai (7456 0418) are new rising stars.

4. They stay aloof from disputes to reap the third party's profits. Over the past decade or so, this faction has never involved itself in any dispute between the "left" and "right." After the Xidan Wall movement, Jiang Hong only planned an "election" at the People's University of China. Since then, he has never acted uncooperatively with the authorities. This is not only because he has yielded to power but also because his political ideal is no other than power politics. When the students went on the hunger strike before 4 June, both Jiang Hong and Dai Qing (2071 2532) went to negotiate with the students (Jiang Hong was delegated by Chen Yuan), though Jiang Hong was not as much in the public eye as Dai Qing. Jiang Hong called each of his friends who planned to take part in the parade, advising them not to get involved in the matter. His words were right to the point: "This political power was not created by election. Of course, it cannot be overthrown by election." As early as 15 May, he told his friends unequivocally that the movement would be ended with gunshots. Of course, this was due to his farsightedness, but we can hardly imagine that his action was not inspired by Chen

Yuan's enlightenment. Jiang Hong, like Chen Yuan, reaped political leverage and accumulated political capital from his "performance" during the 1989 democratic movement.

From the above, it follows that the appearance of *The Third Eye* is by no means a move made by someone to please the public by claptrap, nor is the book merely an illegal publication aimed at making a colossal profit. (In fact, according to the Chinese communists' law, the authorities could heavily sentence the prime culprit if they wanted to do so because the sales volume of the book has reached the "huge amount" specified in the Criminal Code.) Rather, it is a signal unequivocally and unmistakably denoting that while various forces with conflicting interests have yet to find a way to seize power in future China, members of the "Third Column" are not only keeping their eyes wide open, but have begun taking action in preparation for cabinet formation for the post-Deng era. The "Third Column," or *The Third Eye*, is precisely the image they have created to please the authorities as well as the public as a step toward forming the cabinet in the future.

*Party Excludes Private Enterprise Owners

95CM0072A Beijing ZHENLI DE ZHUIQIU
 [PURSUIT OF TRUTH] in Chinese No 11, 11 Nov 94
 pp 17-21

[Article by Wang Binhe [3769 3453 3109]: "Owners of Private Enterprises May Not Join Party"]

[FBIS Translated Text] During the over 100 years of struggle of the Communist since the advent of the "Communist Party Manifesto" in 1848, efforts by the enemy, or from within the Communist camp itself, to repudiate or discredit the theories of the Communist Party have been numerous. Human affairs have changed in unexpected ways, and absurd theories have appeared in new guises, the view presented frequently in China in recent years about "owners of private enterprises entering the Party" being one of the most recent. During the period when Nikita Khrushchev was in power in the former USSR, some people proposed a "party of all the people," supposing that the political consciousness of all the people in the USSR had been raised, and that all had become advanced elements in the proletariat, there was no longer any need to espouse the organizational principle that the Communist Party was made up of advanced elements of the proletariat. This view was rumored for a time, but nothing came of it. However, it did confuse the thinking of many, producing serious consequences as the collapse of the CPSU [Communist Party of the Soviet Union] attests. The view that the "owners of private enterprises may enter the party" is even more advanced. It also rejects even the idea that the party organization must be made up of advanced elements of the proletariat, straightforwardly welcoming unreconstructed owners of privately owned industrial and commercial firms (i.e. capitalists) into the party. This is truly an astounding suggestion.

Is this just talk and nothing more? In recent years, the grassroots organization of the party in some areas throughout the country have really, either overtly or covertly, recruited the owners of private enterprises into the party. By covertly it is meant, that the owners of private enterprises actually continued to run their businesses, but resigned from positions such as general manager, having close relatives or confidants step into these positions, themselves entering the party to become freaks wearing a "Communist Party hat" atop a "capitalist brain." In short, they have been surreptitiously recruited and actually recruited. It is not that those in charge do not know what persons the party constitution specifies eligible for admittance to the party, and it is not that they do not know that the historical mission of the Communist Party is to eradicate exploitive systems and build the socialist system for the final realization of communism. Nevertheless, they still want to recruit owners of private enterprises into the party on the ground that their ideas have undergone fundamental change. They feel that the applicable provisions of the party constitution have become outdated in the age of reform and opening to the outside world. New times require the issuance of new standards for party admittance, and they are determined to recruit party members on the basis of the party members standards that they propose. Therefore, although the party constitution was not revised, in August 1989, the Central Committee did issue a special ruling that the owners of privately owned enterprises may not enter the party, but some grassroots party organizations paid no heed or even did not pass the information along. They stuck to their own ways of doing things, insisting on the recruitment into the party of owners of private enterprises. One final comment is that such an organizational discipline issue is unprecedented in the history of our party.

Because this activity is in a covert development stage, public opinion is being fiercely shaped in an effort to bring it out into the open. In grassroots organizations, one frequently hears this cry for a removal of restrictions. A fairly typical example is provided below. This was written by the head of the organizational department of the CPC municipal committee of a certain city in Shandong Province.

He said, "The central task of the party at the present stage is to develop and strengthen the socialist market economy for the building of a strong modern socialist country. Standards for party members are expressed mostly in terms of trail blazing and innovation, understanding administration, being able to manage, and being able to lead the masses to common prosperity. Most of the owners of privately owned businesses during the initial stage of socialism in China are economically capable people who have come to the fore as a result of the attraction and encouragement of the party's policy of making the people rich. They have rapidly accumulated enormous wealth through their own intelligence, ability, and unremitting efforts, becoming models in becoming rich first, and becoming personages having a certain amount of influence in society. In particular, some party members among them

have become models in developing the local economy and leading the masses to common prosperity. While maintaining party member standards, active recruitment into the party of outstanding people from among the owners of private enterprises can highlight the timeliness of the socialist market economy, and can make full use of the role of party members as vanguards and models in leading the masses along the path of common prosperity."

This organization department head spoke forthrightly and without the slightest ambiguity. Taking development of the market economy as a major premise, he proposed new standards for party members, and according to his new standards, bars should be dropped to the recruitment into the party of owners of private enterprises.

Are the new standards of this party member correct? Let us first see what the party constitution prescribes. Article 2, "party Members" of the "party constitution" says: "Members of the Communist Party of China are vanguards of the Chinese working class having a communist awareness. Members of the Communist Party of China must serve the people wholeheartedly, not hesitating to sacrifice their all in waging a life-long battle for the realization of communism. A member of the Communist Party of China is forever an ordinary working person. No member of the Communist Party may seek any private gain and privilege other than the individual rights and work authority that the law and policies prescribe." This article, together with the eight duties of a party member listed in Article 2, are the standards for party members. Comparison of these standards with the standards that the head of that organizational department proposed shows that his standards have discarded the important item of "waging a life-long battle for the realization of communism." We say this is important because the fundamental purpose and ultimate goal of the Communist party is good performance of this task. The struggles of the past and of the present are all for the purpose of realizing this goal, and the struggles of the next hundred or even several hundred years will also be for the realization of this goal. Otherwise, the Communist Party is not worthy of the name, or it should change its name. People who "blaze trails and innovate, who understand administration, know how to manage, and who can lead the masses to common prosperity" may become plant managers, directors, and chairmen of the board, or they may become township and county magistrates or even provincial governors, but they definitely cannot become members of the Communist Party. This trail blazing and innovation standard is not a standard for being a member of the Communist Party, because it does not contain that most fundamental ingredient of waging a life-long battle for the realization of communism.

That organization department head also knows that "some people believe that owners of private enterprises are in the category of the bourgeoisie, which is not in keeping with standards for a party member. Recruitment into the party of owners of privately owned enterprises would change the party's class basis and the class nature of the party. In addition, the owners of private enterprises actually do

exploit the workers. This is incompatible with the party's ultimate battle goal of eradicating exploitation and the exploiting class to realize communism." However, he creates a shocking "theory" to repudiate the bourgeois attributes of owners of private business. He says: "The owners of Chinese private enterprises may be said to have struck roots in the soil of socialism. A tender branch newly growing from the towering tree of the proletariat has both the character of the petit bourgeoisie and also marked proletarian characteristics." According to him, petit bourgeoisie (not individuals but a class) can grow from the proletariat, and this petit bourgeoisie class is simultaneously proletarian class; thus, it qualifies for admittance to the party. This statement demonstrates the preposterousness of this organization department head's argument in favor of admittance to the party of owners of private enterprises!

So-called ability to administer and manage, and ability to become wealthy are essentially productivity standards, which is to argue that prowess in production is a qualification for party admittance. The posing of this kind of issue by certain people offers a major challenge to our party's organizational work today. Their logic is: unless the party organization and party members can lead the masses in becoming wealthy, the party's current line, plans, and policies cannot be realized, and the mission that the party has assigned cannot be fulfilled; nor can party organization play a model and vanguard role among the masses. Therefore, the party must recruit into the party capable people who are able to lead the masses in becoming prosperous. This argument makes a certain amount of sense, no doubt; but the same reasoning cannot be turned around to say that all capable people who are able to lead the masses to prosperity may be admitted to the party. This is because not all capable people believe in communism, nor are they willing to lead the masses along the road of common prosperity. It is just this kind of reverse reasoning that the organization department head is preaching. It appears that some party members today are truly confused on the Communist Party member standards issue. They actually pay attention only to professional standards without paying attention to political standards, and they basically fail to understand that for a member of the Communist Party, political and professional standards can be and must be part of a totality to which equal attention is given, and furthermore, that for Communist Party members, political standards must be given first place at all times.

Looked at in actual work terms, the reason owners of private enterprises strive to enter the party is as follows: The party grassroots organization has the authority to control manpower, financial, and material under its supervision, and it is also an organization that both enforces policies and can regulate, to a certain extent, the local enforcement of policies. Party's policies have spurred development of private enterprises, but they also set up barriers against their illegal activities. The owners of private enterprises are both satisfied and dissatisfied with them. To a certain extent, the party grassroots organization can cause the owners of private enterprises to prosper, and

it can also cause them to fail. By entering party organizations, the owners of private enterprises can obtain more authority to control manpower, finance, and material. To a certain extent, they can get the authority to manipulate local policies. Before entering the party, they are in the shadows; after admittance to the party, they are out in the open. Before entering the party, some people are inactive, but after entering the party, they become active. Their behavior holds absolute advantages for further development of their enterprise, or is even a life and death matter. Furthermore, some party members have become capitalists through the operation of township and town enterprises. They support admission to the party of capitalists outside the party. Some party members in the party's grassroots organization who are anxious for local development and the operation of enterprises but lack the necessary money, are also anxious to bring capitalists into the party "to put up capital." These three forces combine to form a momentum for allowing the owners of private enterprises to become party members. The effect that this will have on the Communist Party's grassroots organization is plain to see.

Why is it that the owners of private enterprises cannot join the Communist Party? It is because their *raison d'être* and their goals in life are diametrically opposed to those of communism. They are unable to pursue communism. Marx said, "Capitalists are only capital personified. Their soul is the soul of capital, and capital has only one instinct in life and that is to reproduce itself, to gain surplus value, and to use its unchangeable part, i.e., the means of production, to suck away the maximum amount of surplus labor." ("Das Kapital," Vol 1, p 260). This urge to pursue surplus labor stems from capitalists' possession of capital—their *raison d'être*—not transferring it of their own free will. They may act as humanitarians by contributing money to the masses for good deeds, but they cannot give up capital; moreover, they will do everything possible so that capital reproduces itself. Ultimately, this urge conflicts with the Communist Party ideal of eradicating the private ownership system. It is also partly in harmony and partly in conflict with prevailing policies. If a capitalist gives up his capital, he is no longer a capitalist, nor does a problem exist any longer about his admittance to the Communist Party. The party constitution provides that application for admittance to the Chinese CPC requires "acceptance of the party program and party constitution," and the general program of the party constitution points out that "Marxism-Leninism reveals the general laws of the historical development of human history, analyzes inherent contradictions that the capitalist system itself cannot overcome, and points out that socialist society will inevitably supplant capitalist society and will inevitably develop ultimately into communist society." The owners of private enterprises cannot accept this program (and their hypocritical verbal acceptance is for the purpose of deceiving the masses). Their acceptance is tantamount to the denial of their status as owners of private enterprises, a denial of the value of their existence and activities, and a denial of the goals they pursue. So long as they still desire to be owners of a private enterprise, such a denial is unimaginable. If the

party recruits owners of private enterprise for admittance, not only will it not be an advance organization of the working class, but it also will not be an organization of the working class. It will not even be a trade unit, but will become a mixed organization like the Kuomintang in which people having all kinds of class backgrounds participate. Once the working class make-up of the party changes, the party will no longer be able to rely on the working class, represent the working class, or represent any other class. Since the party will have numerous capitalists, it will be unable to talk about battling for communism, and talking about serving the people will also be hypocritical. The name of the Communist Party will also have to be changed. Therefore, the owners of private enterprises may not be recruited for party admittance. For the party, this is a matter of principle that has a bearing on the character of the party. It is an issue on which no compromise is possible. If compromised, no consolidation of the party will be possible, and it will not even be able to exist!

Recently, a decision of the Fourteenth Plenary Session of the Party said: "Corrosion of the party organization organism by negative and corrupt phenomena requires more education and control of Party members, adherence to the party's aims, and maintenance of the its character as vanguard of the working class." If owners of private enterprises are allowed to join the party, the party will be unable to maintain its aims, and it will be unable to maintain its character as vanguard of the working class. Negative and corrupt phenomena will develop further. This recent warning from the party merits a high degree of serious attention on the part of the party organization at all levels.

How should an extremely small number of capitalists within the party (i.e., people who changed from being party members to capitalists) be treated? This is an issue that merits further study. Generally speaking, a prudent attitude should be adopted about the handling of organizational issues; however, higher level party organizations must support the leadership authority of grassroots party organizations and party spirit must be maintained in grassroots party organizations. They must be given education in communism to prevent some people among them from turning work at the basic level to the wrong road.

It is not that given a special environment and special conditions, and with the approval of a high level leadership organ, the Communist Party cannot recruit for party admittance individual people who have a landlord or capitalist class background. However, that occurs only in an extremely small number of special cases. People who have joined the party because of the needs of the revolution following organizational approval retain an exploiting class background, but they actually changed their exploiting class world view and accepted the world view of the proletariat. Both their experience in struggle, and the level of their political and ideological consciousness attest that they have long since become true members of the Communist Party. The circumstances under which they joined the Party are entirely different from the present

so-called recruitment into the Party of owners of private enterprises. The two may not be mentioned in the same breath.

During a given period in the process of developing private capital, some owners of private enterprises are truly able to spur the masses around them to become rich, thereby winning the good feeling of the masses. This is an important reason why some Party members want to bring them into the Party. Actually, this is an ideological error zone. First, it must be realized that development of the rural economy in most cases came about either as a result of the local Party organization having led the masses in taking the path of collectivism (as was the case in some areas in southern Jiangsu), or stemmed from the Party organization leading the masses in the operation of township and town enterprises (township and town enterprises including some privately owned enterprises). Not all the development was led by the owners of private enterprises. There is no reason why we should exaggerate the role of the owners of private enterprises, much less is there any reason to suppose that without the owners of private enterprises the economy of rural villages, cities, and towns, could not develop. Second, the prosperity of rural villages today is only initial prosperity. In some places, the gap between the poor and the rich during this period of initial prosperity has not narrowed, or may have widened. It is worth noting that the "common prosperity" about which the organization department head spoke, applies to the prosperity of single townships, single villages, or certain stretches. It is not common nationwide prosperity. The difference between the two is very great. The prosperity of individual areas, or only the prosperity of a single area as a battle objective will not attain a communist society. Only when prosperity of the whole country is the goal is it possible to move in the direction of a communist society. The common prosperity of which Comrade Deng Xiaoping spoke is common prosperity in the latter sense. The "common prosperity" that some people pursue today is "common prosperity" in the former sense. The leaders of private enterprises can lead the masses to this kind of limited prosperity in which there is a gap between the rich and the poor, but they are not likely to get beyond it. In such places, the future road (i.e. the road for realizing "the party's ultimate goals, and realizing a communist social system") can only be fulfilled by Communist Party members adhering to communist ideology leading the masses.

Party organization building is of extremely great importance. Lenin said: "Give us a revolutionary's organization, and we will be able to turn Russia inside out!" ("Complete Works of Lenin," Vol 6, p 121). The key lies in the revolutionariness of the organization. The same is true today. If a party's organization is taken over by capitalists bent on getting rich by fair or foul means, to talk to them about serving the people, or about honesty is pointless! If capitalists are in control of the party's grassroots organization, how will they be able to put party's three major styles of work into effect? What theory can they use to relate the styles to reality? Since they exploit the masses, how can they forge close ties with them? Will they be able

to expose their own shortcomings and mistakes through self-criticism? Problems will occur in party organization building, and the building of ideology and work style will be forgotten. By assuring party organization building, recruiting party members using the standards that the party constitution prescribes, and by putting an end to the admission of capitalists to the party, our party will be in an unassailable position, come what may.

Science & Technology

Jilin Governor on New High-Tech Industries

SK1201024195 Changchun JILIN RIBAO in Chinese
24 Dec 94 p 1

[By trainee Hu Min (5170 2404) and reporter Xiao Ying (5135 3841): "Jilin Governor Gao Yan Speaks at the Provincial New High-Tech Industrial Work Conference"]

[FBIS Translated Text] Vigorously developing the project for making the added value of new high-tech products surpass 10 billion yuan by the year 2000 and further promoting the development of the province's new high-tech industries, are the province's major measures for developing new high-technology, promoting economic development, upgrading the quality of the economy, and increasing economic results. At the provincial new high-tech industrial work conference which ended on 23 December, Governor Gao Yan and Vice Governor Liu Shuying set forth specific requirements for carrying out this project.

Since the implementation of reform and with open policies, our province has clearly made research in new high-tech and the industrialization of new high-technology a priority, and many new high-tech products and industries have been created successively. Thus, the province has entered a new period of comprehensively developing new high-tech industries. Many findings in new high-technology have been applied in the spheres of production and technology, some have been directly transformed into commodities, and gigantic economic results have been created. A group of production entities in the new high-tech spheres and a basic frame for new high-tech industries have taken shape in the province. So far, the province has over 10 leading scientific and technological enterprises that each annually generates over 10 million yuan in output value and over 1 million yuan in profits and taxes, and also has over 200-civilian-run scientific and technological enterprises which each generate over 1 million yuan in output value annually. A new situation in developing new high-tech industries has been created with the sudden advent of industrial development zones for new high-technology. Since the beginning of the Seventh Five-Year Plan period, our province has ceaselessly expanded the scale of technological transformation, technological progress, and investment in fixed assets and noticeably upgraded the industrial foundation and technological

level. Our province has made great achievements in developing new products. According to the provincial economic and trade committee's statistics, over 10,000 city-level products have been developed and a large number of new products have been more competitive on the domestic and foreign markets.

The conference set forth: A key task for developing the province's new high-tech industries from now to the end of this century is to concentrate energy on implementing the project for having the added value of the new high-tech products surpass 10 billion yuan by the year 2000. This is the current plan for our province regarding the development of the new high-tech industries. The guiding ideologies for defining this plan is to observe the laws governing the socialist market economy and the development of new high-technology, to expand the dynamics of promoting the development through administrative means, to define targets, to assign responsibilities, to adopt measures, to mobilize all social forces to ensure that the newly added value of the new high-tech products surpasses 10 billion yuan and the profits and taxes created by these products surpasses 2 billion yuan by the year 2000, and to make the new high-tech industries gain advantages in promoting the province's economic development. The project for new high-tech products to generate over 10 billion yuan in added value by 2000 should be arranged in a unified way and have various levels of management. That is, we should make a provincial unified plan for developing this project, bring the plan into line with the method for the management of various plans worked out by the state and the province, and respectively assign the provincial scientific and technological committee, the provincial planning committee, and the provincial economic and trade committee to organize the implementation of this plan.

Governor Gao Yan gave a speech at the conference. He stressed three issues in his speech: First, we should fully understand the strategic positions and functions of new high-tech industries in the development of the national economy, stand in the forward position of the world's new high-tech industries, and welcome the challenge of the next century. Second, we should define ideas for development, accelerate the pace of developing new high-technology, and promote the commercialization, industrialization, and internationalization of new high-tech findings. Third, we should grasp the implementation of the new high-tech industrial strategic plan and create increasingly more efficiency as soon as possible. He said: Developing new high technology and new high-tech industries requires giant engineering of the social system. We must carefully organize the development of new high technology and new high-tech industries, grasp key links, and pay attention to real efficiency. To develop new high-tech industries, we should first promote optimization of industrial structure. In our practical work, we should persistently make new industries to promote the development of traditional industries, conduct new high-technology transformation among traditional enterprises to help improve new industries, ensure reasonable distribution of natural resources, and upgrade the level of industrial structure. Second, we

should constantly set our sight on increasing economic results. At the time of developing new high-tech industries, we should promote the scientific and technological progress of enterprises and the implementation of the strategy for manufacturing famous-brand products. We should pay attention to bringing into play development zones' influential functions. He concluded: In regard to the implementation of the project of making the added value of new high-tech products exceed 10 billion yuan by 2000, all localities and all departments should work according to the overall arrangement, seek unity of thinking, put policies in place, adopt specific measures, intensify input, and forcefully coordinate and organize the implementation work. Along with the new liberation and development of our province's sciences and technologies, we will certainly be able to accelerate the pace of socialist modernization and elevate the economy to a new height in the next two years.

Vice Governor Liu Shuying made a speech at the conference. She said: Viewing our province's actual conditions, we know that developing new high-tech industries is not only a long-term strategic task for building a developed, border, and near-the-sea province but also the most realistic and strategic choice. To develop new high-tech industries, we must have a scientific, realistic plan for the development of new high-tech industries. This will directly bear on bringing into play the governments' functions for deciding the level and dynamics of regulating and controlling the development of new high-tech industries, on optimizing the distribution of production factors, and the speed and quality of the development of new high-tech industries. To develop new high-tech industries, we must be guided, supported, and guaranteed by policies. Simultaneously, we should expand the intensity of capital input. This is an essential condition and a basic guarantee for developing new high-tech industries. The key to accelerating the development of new high-tech industries hinges on cultivating tens of thousands of new high-tech talented persons and forming vast and mighty contingents of high-tech specialists. She said: Developing new high-tech industries is an extremely urgent, strategic task as well as an extremely arduous and complicated social system engineering. The governments at various levels should have a high sense of urgency for the times and a sense of responsibility for the history, put the development of new high-tech industries in a strategic position for first development, and realistically put it on the important economic work agenda.

Ministry Notes 'Ambitious' Expressway Plan

OW1101155495 Beijing XINHUA in English 1533
GMT 11 Jan 95

[FBIS Transcribed Text] Beijing, January 11 (XINHUA)—A senior official from the Ministry of Communications said that China is now implementing an ambitious plan for constructing high-grade highways, especially expressways, that was revealed in China only seven years ago.

Vice Minister of Communications Li Juchang told XINHUA today that by the end of this century some 3,000 km of expressways will be built in over 20 provinces and municipalities.

Li said that in the next few years the ministry will pay attention to the construction of four trunk highways connecting Heilongjiang with Hainan, Beijing with Guangdong, Jiangsu with Xinjiang, and Shanghai with Sichuan, with a total length of some 18,500 km, with many sections of them being expressways.

Li, who is in charge of the country's highway construction, said that the Chinese government is raising funds through various channels to accelerate high-grade highway construction. Foreign businesses are encouraged to invest in expressways and high-grade highway construction, either in cooperation with Chinese partners, or in a BOT manner—build, operate, and transfer.

In 1994 China built 16,500 km of new highways, extending the total length to 1.1 million km, but only 77,500 km (seven percent of the total) are high-grade highways. Poor road conditions and limited traffic capacity have seriously affected the social and economic efficiency of highway transportation.

China began to stress high-grade highway construction in the late 1980s. In 1988 the first expressway started operation between Shanghai and Jiading in Zhejiang, followed by a number of expressways which have become operational, including Shenyang-Dalian, Beijing-Tianjin-Tanggu, Guangzhou-Foshan, Xian-Lintong, Jinan-Qingdao, Guangzhou-Shenzhen and Beijing-Shijiazhuang, with a total length of 1,555 km.

At present dozens of new expressways are under construction throughout the country, including Shanghai-Nanjing, Hangzhou-Ningbo, Guangzhou-Zhuhai, Shenzhen-Shantou, Chengdu-Chongqing, Hohhot-Baotou, Zhengzhou-Kaifeng, and one encircling Hainan Island.

The importance of high-grade highways have been generally recognized in China. To date, all of its 30 provinces, autonomous regions, and municipalities are constructing expressways or high-grade highways.

Shandong Province in east China completed the expressway from Jinan to Qingdao last year and has begun to construct another one from Jinan to Dezhou. By the end of the century, its expressways are expected to reach 1,600 km. Hebei and Henan provinces have obtained 350 million US dollars in World Bank loans to construct the 340-km-long Shijiazhuang-Xinxian expressway.

In addition, the inland province of Shaanxi has approved the issuing of shares to construct the Lintong-Weinan expressway, while Sichuan Province has signed a contract with a Hong Kong businessmen on the joint-funding of the Chengdu-Mianyang expressway.

Li said that so far more than 20 provinces, municipalities, and autonomous regions have used loans of two billion

U.S. dollars from international financial organizations and foreign governments to construct high-grade highways, with 7,000 km of foreign-funded highways having started operation.

According to a blueprint by the ministry, in the coming years China will mainly construct 12 national highways totaling 35,000 km.

CAS President Comments on Academy Restructuring

HK1201064895 Hong Kong HONGKONG STANDARD in English 12 Jan 95 p 6

[By Amy Liu]

[FBIS Transcribed Text] More than 100 leading Chinese scientists have been sent to the countryside to help in rural economic development. The scientists, from the Chinese Academy of Sciences [CAS], will be assigned senior positions up to county heads or their deputies, according to the academy chief.

In recent years, more than 100 scientists had been seconded to county and small city governments in the inland provinces as magistrates and mayors or deputies, academy president Zhou Guangzhao said. Mr Zhou said most scientists in the latest batch went to poverty-stricken areas in Guangxi, Guizhou and Yunnan provinces.

The secondment of the scientists is part of the academy's unprecedented and radical reshuffle program which will see half of its staff transferred. Mr Zhou said the reshuffle will affect nearly 40,000 of the 80,000 scientific staff. Ten per cent of those affected will be sent to industries, 10 per cent to agricultural units, while the remaining 30 per cent will remain in scientific establishments.

"In order to meet the demands of the market economy, some staff will be given greater independence from the academy," Mr Zhou, a member of the ruling Communist Party Central Committee, said. They will also be free to negotiate contracts with factories or agricultural units, he said. The expertise of the scientists would benefit the nation's industrial and farming sectors, he added.

Mr Zhou said the plan aimed to restructure the academy and make it more efficient, denying that it was an attempt to rid the academy of low-ability staff. He said the academy was engaging in continued research, in accordance with the words of Deng Xiaoping that technology was the chief element of productivity.

Meanwhile, the academy is facing difficulty raising funds. It has signed a contract for technology exchange and co-operation with the Hong Kong Productivity Council, partly to ease fund shortages.

"We will provide the research results while Hong Kong will help raise funds and feed us information," Mr Zhou said.

Last year the government gave the academy 1.3 billion yuan (HK\$1.2 billion). It received a further 1 billion yuan from other sources, including donations and money earned from successful science experiments. While the state's expenditure on each researcher in China reaches only US\$20,000 to US\$30,000 a year (HK\$156,000 to HK\$234,000), the expense for a United States counterpart reaches US\$100,000 a year.

Mr Zhou—who specialises in detonation physics, radiation hydro-dynamics and computing methods in mechanics—was awarded a Doctor of Science yesterday by the University of Hong Kong.

Military & Public Security

Public Security Directors Hold National Meeting

OW1101144195 Beijing XINHUA Domestic Service in Chinese 1143 GMT 10 Jan 95

[By reporters Chen Maodi (7115 3029 1717) and Wang Jinfu (3076 6855 4395)]

[FBIS Translated Text] Shanghai, 10 Jan (XINHUA)—A national meeting of public security bureau directors, which ended here today, pointed out: This year, public security organs nationwide, in conjunction with the general task of the whole party and the whole country and in line with the requirements set by the national political and legal work conference, should increase the awareness of reform and laws, strengthen party building in public security organs, build up the public security personnel contingent, effectively maintain social stability, improve the capability to control public order, work hard to stop disorder in some localities, check the rising trend of major criminal cases, and strictly prevent the occurrence of disastrous fires and traffic accidents, thereby creating a favorable public security environment for reform, opening up, and economic construction.

According to a briefing, in 1994 the public security front nationwide worked relentlessly in cracking down on crimes and in maintaining public order, uncovering a large number of major crimes, suppressing many criminal gangs, arresting numerous criminals on the run, and concentrating efforts to rectify public order in a number of localities. The number of major criminal cases uncovered and of criminal gangs arrested by public security organs nationwide in the first 11 months were 20.4 percent, 10 percent more than the figures of the same period in 1993. Fully affirming these results in a speech at the meeting, Public Security Minister Tao Siju said: Overall, the present situation in public security is basically stable and normal, ensuring the smooth progress of reform, opening up, and the modernization drive. Meanwhile, major criminal cases are still on the rise, and public order in a number of localities remains chaotic.

The minister urged public security organs: to improve their capabilities to crack major and serious cases and to

handle pre-trial cases; to continue to focus on the crack-down on vicious hooligans and criminal gangs from the underworld; concentrate efforts to rectify public order in chaotic localities, places, and railway sections; step up the effort to strike at economic crimes; and to put the strict enforcement of public order laws in a correct relationship to help promote reform, opening up, and economic construction by clearly defining supervisory and managerial responsibilities, strengthening management, relentlessly implementing rectification measures, and promptly solving a number of outstanding problems in public security.

Discussing the issue of building up the quality of public security personnel, the minister pointed out: The mainstream of public security personnel are good; they are a contingent capable of fighting tough battles. However, the inroads and harm caused by certain negative influences of a market economy on public security personnel and their work have become a glaring problem and have already affected impartial enforcement of laws in some localities. Public security organs at all levels, leading comrades in particular, should fully recognize the protracted, complex nature of the anticorruption drive among public security personnel, as well as the urgency of stepping up the effort to build up the contingent under the new situation. They should dare to expose contradictions and take strong and effective measures to solve problems existing among the rank and file once and for all. They should also persist in conducting education through positive examples; and should strengthen education on patriotism and sacrifices, on the revolutionary outlook on life, and on hard struggles to enhance the contingent's political awareness. Top leaders of public security organs at all levels should personally attend to the work related to the quality of personnel, paying equal attention to both administrative work and the quality of personnel for promoting all aspects of the public security work through improving the quality of personnel. They should imbue themselves with the spirit of reform and actively explore new ideas and methods for strengthening the building of the contingent under the new situation. Efforts should be stepped up to carry out the anticorruption struggle in public security organs, focusing attention on investigating and punishing corruption in law enforcement and on eliminating black sheep.

Luo Gan Addresses Public Security Meeting in Shanghai

OW1201010695 Beijing Central People's Radio Network in Mandarin 1030 GMT 5 Jan 95

[By station reporter Liu Zhenmin; from the "National Hookup" program]

[FBIS Translated Text] A national meeting of public security departments and bureau directors opened in Shanghai today. Huang Ju, member of the CPC Central Committee Political Bureau, Shanghai municipal party committee secretary, and municipal mayor; and Luo Gan, state councillor and State Council secretary general, attended the meeting.

In his speech, Luo Gan fully affirmed the success achieved on the public security front last year. He said emphatically: Public security organs at all levels should be keenly aware of the importance, complexity, and protracted nature of our work to preserve social stability. Among factors affecting social stability, a prominent one is the bad public order in some localities. Public security organs at all levels should adopt more effective measures this new year to severely crack down on serious criminal acts; implement measures for comprehensive management of public security; and create a fine social environment for reform, opening up, economic construction, and the people to live and work in peace and contentment.

He said: We should be determined and confident in solving public security problems, and use effective and correct methods to achieve this. Public security units that are in charge of public order, should maintain the powerful momentum in severely cracking down on crimes, intensify their efforts to solve major and important cases, and take specific actions to manage public security and intensively fight crimes in line with local conditions. We should manage public security strictly according to the law, and prevent major crimes and disastrous public security incidents.

New Year's Day Editorial on 1995's Tasks

HK1101144495 Beijing JIEFANGJUN BAO in Chinese
1 Jan 95 p 1

[Editorial: "Go All Out To Grasp Implementation To Create New Accomplishments"]

[FBIS Translated Text] After the passing of the brilliant year of 1994 in the annals of the republic's reform, the ship of history is now sailing into 1995, a year full of hope. At this moment of celebrating the coming of the new year and marking the expansion of pages in this newspaper, we extend cordial festive greetings and pay a sincere tribute to all our comrades in arms of the armed forces at all fighting posts in the cause of national defense, to retired old comrades, to demobilized personnel and former officers transferred to civilian posts, and to people's governments at all levels and the people of all nationalities throughout the country who show warm care for and give great support to the building of the armed forces.

In the past year, our country took decisive steps toward the establishment of the socialist market economic structure. In accordance with the general guideline of "grasping opportunities, deepening reforms, expanding opening, promoting development, and maintaining stability" set forth by the party central leadership, the whole party, the whole Army, and the entire people of our country made vigorous efforts to advance our cause, and greatly promoted political stability, economic development, and social progress. Gratifying and marked achievements were made in all fields. The People's Army also made progress together with the great motherland. Under the leadership of the party Central Committee and the Central Military Commission [CMC] with Comrade Jiang Zemin at the

core, all troops constantly armed their minds with Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, conscientiously served the overall interests of the state and the party, profoundly implemented military strategy and principles in the new period, strengthened ideological and political work, raised the level of military training, enhanced the capacity of the logistics guarantee, quickened the pace of scientific research and testing, and made new progress in work in all fields. Party committees and leading cadres at all levels continued to maintain a firm political position and work diligently. Troops did an excellent job in performing all sorts of urgent, difficult, dangerous, and arduous duties. In particular, the vast number of officers and servicemen who are stationed in areas with difficult conditions and who guard the land and coastal frontiers of the country have made major contributions to safeguarding national security by overcoming great difficulties. Facts once again show that this Army is an armed force which always obeys the orders of the party, is always loyal to the people, has a high degree of political consciousness, and maintains great fighting power.

Time and the human world advance with each other, and a warm spring follows the winter. In 1995, new steps will be taken in our country's reform and opening as well as in the modernization of this Army. The general guidelines and principles for the building of the armed forces have been well established, and the targets and the tasks have also been explicitly set. Now, the key lies in the conscientious implementation of Deng Xiaoping's thinking about building the Army and Chairman Jiang's general requirements of "being politically up to standard, being militarily strong and invincible, keeping a fine style of work, being well-disciplined, and having an effective logistics guarantee," and in down-to-earth work and soaring morale in the course of going all out to fulfill tasks in all fields.

Ideological and political building is the major foundation for the across-the-board modernization of the armed forces. In the new year, we should place ideological and political work above all other tasks in the armed forces and should make great efforts to do a good job in this regard. Through studying and implementing the CPC Central Committee's Decision on a Number of Major Issues in Strengthening Party Building and the CMC's Decision on Putting Into Practice the Spirit of the Fourth Plenary Session of the 14th CPC Central Committee and Further Advancing Party Building in the Armed Forces, we will comprehensively improve the ideological and organizational quality and work style of party organizations in the armed forces. We should profoundly study the three volumes of the *Selected Works of Deng Xiaoping* better fulfill the task of arming all troops with the theory of building socialism with Chinese characteristics, and continuously enhance the firmness and consciousness of cadres and soldiers in carrying out the party's basic line. We should make great efforts to maintain and develop the fine traditions of our party and Army in the light of the new conditions, and, in particular, instruct the troops in the subjects of loving the motherland, being dedicated,

respecting cadres, showing care for soldiers, working hard, and fearing no hardship. Officers and men should be guided to establish the idea of serving the people wholeheartedly, to resolutely resist the corrosive influence of decadent ideologies and cultures, and to be incorruptible and always maintain the political nature of the people's armed forces.

In this period of peaceful construction, the enhancement of troops' combat effectiveness mainly relies on military training. In the new year, we should continue to implement military strategy and guiding principles for the new period, conscientiously arrange and handle the troops' military training, increase the intensity of training reform, attach importance to the study of tactics, make efforts to improve training methods and increase troops' high-tech knowledge, and thus continue to increase our confidence and ability to win victory in future anti-aggression wars. We should make efforts to improve cadre training, strengthen education in military academies and schools, and enhance the command abilities of cadres and leading organs at all levels. According to the principle of concentrating efforts on key points, we should intensify scientific research oriented to national defense, especially in the development of weapons and equipment. The implementation of military strategy and guiding principles in the new period and the development of the socialist market economy will bring about many new issues for the logistics work of the armed forces. We should meet the general requirements of "keeping effective logistics guarantees," deepen reform, improve services, strengthen management, further enhance the efficiency and effectiveness of logistics guarantees, and orient logistics work to the market, training grounds, and battlefields. We should continue to carry out the principle of being hardworking and thrifty in the course of building the armed forces and should make great efforts to develop farm production for the troops. We must resolutely put an end to extravagance and waste.

Regularization is a major guarantee for the modernization of the armed forces. In the new year, we should continue to firmly carry out the principle of managing troops strictly according to the legal system and should resolutely regularize the behavior of the troops in accordance with rules and regulations, thus forming a regular order for war preparations, training, and day-to-day work and lives. We must effectively manage cadres and the rank and file according to the CMC's Decision on Strengthening Management and Education of the Troops. Attention should be paid to routine management so that a good foundation can be laid and strict education, strict management, and strict discipline enforcement can be effected. This will guarantee a high degree of stability and unity in the armed forces.

Strengthening grass-roots construction and laying a solid groundwork for the armed forces. This is the starting point and also the purpose of leading organs' work. In the new year, our work should be actually focused on grass-roots units. After the official promulgation of the program for grass-roots building in the armed forces, all units should seriously sum up their experience, effectively consolidate

grass-roots party branches, and promote the full implementation of the program. Regimental and brigade organs should be enhanced and taken as a major link in strengthening grass-roots construction, and the ability of leading organs to guide grass-roots construction should be continuously enhanced. We should carry forward the fine tradition of officers and men being united, respecting cadres, and showing care for soldiers, and should further improve relations between officers and men. Effort should be made to develop relations between the troops and the civilian masses at the grass-roots level and to conduct education in the subject of maintaining unity between the military and civilians and the subject of supporting local governments and showing care for the people, thus further consolidating unity between the troops and the people.

In 1995, the armed forces will shoulder heavy and arduous tasks. Leading cadres and leading organs at all levels should raise their sense of political responsibility for the cause of the revolution; strictly carry out the responsibility system; further correct work style in commanding troops; improve work methods; overcome bureaucracy, formalism, and red tape; and create a permeating atmosphere of doing down-to-earth work.

There are only five years from now to the end of this century. We have started the journey to the next century and have made brilliant achievements acknowledged by the whole world. Let us hold high the great banner of the theory of building socialism with Chinese characteristics; closely rally around the party Central Committee and the CMC with comrade Jiang Zemin at the core; work with one heart and one mind; make down-to-earth efforts; continuously advance the process of revolutionization, modernization, and regularization in the Army; and greet the coming of the new century with more brilliant deeds!

Commentator on Ideological Work in Military

HK1101151095 Beijing JIEFANGJUN BAO in Chinese
27 Dec 94 p 1

[Commentator's article: "Make Great Efforts To Strengthen the Building of the Armed Forces Ideologically and Politically"]

[FBIS Translated Text] Social changes inevitably bring about ideological changes in people. Whenever important changes take place in society, our party always pays great attention to ideological issues which may occur and gives correct guidance. In the new situation of reform, opening up, and developing the socialist economy, the party Central Committee has repeatedly pointed out that the new revolution of reform and opening up has brought about an unprecedented, extensive, and profoundly positive influence on the ideological and culture of society and has fully affirmed the healthy mainstream ideology of making progress for the people today. At the same time, the party Central Committee has demanded that the whole party and the entire armed forces be on their guard against erosion by decadent capitalist ideology and culture and has stressed—on the high strategic plane of bringing up new

people to build socialism with Chinese characteristics and ensure our party, country, and armed forces never change color—the utmost importance of strengthening ideological and political building. We must maintain a clear understanding on this.

The armed forces have all kinds of connections with society and various kinds of trends of thought and practices in society will inevitably be reflected to varying degrees in the armed forces. For the people's armed forces, the influence of decadent ideology and culture is a corrosive agent which causes the revolutionary will of some people to wane and their revolutionary ideals to waver; loosens internal relationships in the armed forces; damages friendship, trust, and unity between the higher and lower levels and between officers and men; and weakens the cohesive force of the armed forces. During the new historical period, if our armed forces want to victoriously fulfill the glorious mission of defending national security and the cause of socialist modernization, they not only must be very firm politically and unremittably adhere to a correct political orientation, but they must also maintain their purity in ideology and morality and be really able to resist corrosive influences in the new situation. Cadres and fighters must also be skillful in doing ideological and political work in addition to mastering combat techniques and modern military skills. This demands that we should make great efforts to strengthen ideological and political building. Practice has proved that doing a good job in building the armed forces ideologically and politically is an important foundation for doing a good job in military training, military building, and the entire modernization of the armed forces. Ideological and political building is the core of revolutionization and is a reliable guarantee for guiding cadres and fighters to resist corrosive influences and to maintain the natural revolutionary color of the people's armed forces. Therefore, it must be put in the most important position in building the armed forces in various aspects.

In strengthening the building of the armed forces ideologically and politically in the new period, there is a question of how to correctly understand and look at the old traditions and old work styles of our party and armed forces. In carrying out revolution and construction over a long period, our party and armed forces have formed and developed a complete set of fine traditions and work styles. They are our family heirlooms, political superiority, and powerful weapons for managing the party and the armed forces. At no time should they be abandoned, otherwise we will suffer serious losses. Carrying out reforms does not at all mean that everything from the past is not good or everything from the past has to be changed. We only carry out reform to get rid of malpractice proven to be such practices and of what is outdated and can no longer be used. All fine traditions and work styles should not be abandoned, but should be inherited, upheld, and, in light of new practice, enriched, developed, and carried forward so that they can play an even bigger and better role.

The most important thing in strengthening the building of the armed forces ideologically and politically is to lead and

organize the broad masses of cadres and fighters to thoroughly study Marxism-Leninism Mao Zedong Thought, and the center of such study is to thoroughly study Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and to use it to arm our heads and to give guidance to our work in various aspects. This is a fundamental thing in strengthening ideological and political building. On this basis and in light of the actual situation of the armed forces at present, we should also concentrate our efforts on doing a good job in carrying out education on patriotism and dedication, education on a revolutionary outlook on life, education on respecting cadres and cherishing soldiers, and education on arduous struggle.

To strengthen education on patriotism and dedication, we must start such education on the first day new cadres and recruits are enlisted. We should firmly grasp education on loving the motherland and dedication to national defense and properly answer the questions of "whom soldiers serve" and "why people should join the armed forces." Strengthening education on a revolutionary outlook on life helps cadres and fighters really understand that only by working regardless of personal safety for the interests of the country, society, nation, collective, and other people and unreservedly dedicating our intelligence and wisdom to our work is the real significance of life, a glorious life, and a brilliant life. Strengthening education on respecting cadres and cherishing soldiers is mainly to enable all cadres to cherish soldiers and regard it as their bounden duty so that cadres will always adhere to the principle of unity between officers and men, consciously make use of past good methods for leading troops which have proven to be effective, and boldly explore new methods and truly do a better job in leading the troops ideologically, politically, and organizationally. Strengthening education on arduous struggle is to consciously resist the trends of waste, extravagance, and corruption which are being spread in some localities so that the armed forces will take the lead in arduous struggle. Leading cadres at various levels in particular must firmly establish the idea of wholeheartedly serving the people, always maintaining the flesh-and-blood relationship with the people, and becoming models of clean and diligent administration. They must build up a good image through their words and deeds. They must always be concerned with the well-being of cadres and fighters at the grass-roots level and should become the close friends of cadres and fighters.

Education in the four aspects mentioned above is the basic task of strengthening the building of the armed forces ideologically and politically, and we must comprehensively grasp them in a planned and systematic way. In the course of education, we must take into account the characteristics and ideological reality of cadres and fighters. The contents of such education should be lively and vivid and the methods should be flexible and varied. We should earnestly raise the level of their ideological understanding, strengthen their ability to resist corruption in the new situation, and promote the fulfillment of tasks. We should also closely integrate the strengthening of such education

with the strengthening of comprehensive management of the armed forces so that they promote each other. In short, we should, through education, strengthen the building of the armed forces ideologically and politically, encourage fine new habits and common practices which are in keeping with the interests of the party and the people and which meet the demands of the times, really enable our armed forces to become a big school worthy of the name, and really enable the building of spiritual civilization in the armed forces to rank first in the whole country.

*Article Discusses Prisons, Reforms

95CM0045A Hong Kong KUANG-CHIAO CHING
[WIDE ANGLE] in Chinese No 265, 16 Oct 94 pp
44-49

[Article by Tao Guangxiong (7118 0342 7160): "Great Exposure of Chinese Prisons Where Most Dangerous Prisoners Are Put Behind Bars"]

[FBIS Translated Excerpt] According to the latest information from an official source in Beijing, there were a total of more than 1,244,000 prisoners in custody in China at the end of 1993. For a long time, prisons in China have been shrouded in mystery. I recently visited prisons in Shanghai, Shandong, and other localities and wish to make an exclusive report to the readers via KUANG CHIAO CHING. I believe that this report will expose some true situations in China's prisons.

Prisons in China have introduced a new method to reform prisoners. That is to divide prisoners into various groups according to their age, prison terms, and the nature of their crime; for education. This practice differs from the custom in the past of mixing all prisoners together in disregard of their age, prison term and the nature of their crimes. The current practice is aimed at preventing prisoners from influencing one another and doing a better job in reforming and educating them. To divide prisoners into groups for reform is considered a major breakthrough in China. This practice was first carried out in the Shanghai Municipal Prison.

The Shanghai Municipal Prison is located in Shanghai's busiest Tilanqiao District. It was built by the British in 1901. Because of its size, it was called the "largest prison in the Far East." It was administered by the British, the Japanese, the Wang Jingwei puppet regime, and the Kuomintang Government. At present, 3,500 prisoners are behind bars there. They are the most dangerous characters in Shanghai. Therefore, people often call the prison a "powder keg" in a bustling city. [passage omitted]

According to prison authorities, felons whose sentence is more than a 10-year fixed-term are locked up in the Shanghai Municipal Prison. They are divided into different groups based on type of crime—material desire, sex, or violence. Under the reform program, all prisoners will have to work eight hours a day. In the evening, they have to study either language or technology. To a great extent, they administer themselves. In each detachment there is a

"labor reform activist committee" to supervise matters concerning the prisoners' work, meals, study, and discipline. A "warden's mail box" is installed on each floor of the prison through which prisoners may voice their opinions and offer suggestions.

In the Shanghai Municipal Prison and other prisons in other parts of China, all prisoners who are able to work must participate in work activities. Physical labor is regarded as one of the basic means to reform inmates.

A responsible person of a Chinese judicial department pointed out that there are many reasons for a person to commit crimes. However, the major reasons are: reaping without sowing, sloth and aversion to work, and hedonism. By working hard, the prisoners may correct their unhealthy habits and realize that social wealth does not come easily. Physical labor may also help prisoners improve their physical fitness. Working hard and learning skills through labor may also help them find jobs, earn a good living, and avoid recidivism after they have served their term and are released from prison.

Efforts must be made to reform people through labor. It is just like "having an iron pestle ground down to a needle." In the Beishu Prison in Qingdao City, Shandong Province, dozens of male prisoners are doing needlework very skillfully. They can handle their needlework as well as their female counterparts. This is a brilliant scheme devised by the prison authorities to reform violent convicts. Most of these convicts are irascible and bellicose. They cannot get along with one another. The prison authorities then use the needlework, which calls for patience and carefulness, to temper them. Good results have been attained after one month. [passage omitted]

In prisons in China, prisoners receive similar treatment as in state-owned enterprises in terms of work hours and occupational safety. Additional allowances are given to prisoners for their work performed under high temperatures or in summertime, for their work in night shifts or for overtime work. They are also given compensation for any on-the-job injury. The Shanghai Labor Reform Bureau demands that all labor assignments be given to prisoners according to their ability. It is forbidden to order them to do hard labor, nor is it maltreatment allowed. [passage omitted]

Prisons in China generally evaluate the prisoners regularly. They regard the prisoners' behavior in the prison and their reform-through-labor achievements as important factors for reducing their sentence. Their penalties may be reduced when they have accumulated enough credits in evaluation. Because physical labor is an important indicator in evaluation, prisoner work enthusiasm is very high. Prisoners often compete with one another for higher performance. The bad habits of many convicts have been largely corrected. [passage omitted]

The Ministry of Justice in China called on various prisons to turn themselves into "special schools" to give inmates cultural education with emphasis on wiping out illiteracy

and popularizing junior middle school education. Meanwhile, it encourages prisoners with better educational backgrounds to take courses from correspondence, spare-time, and television colleges run by various sectors of society. According to statistics compiled by the Ministry of Justice, prisoners in various prisons in China annually receive about 150,000 diplomas and certificates awarded by various educational departments for completing their courses.

In a classroom of the Shandong No. 2 Prison, convicts were attending a language class at the eighth-grade level. They were studying a prose piece written in the classical literary style, entitled: "Draw a snake and add feet to it." Dozens of adult "eighth graders" were intently listening to a lecture given by an inmate teacher. This inmate teacher, who was a normal college graduate, said that these inmate students were very low in educational standard before. Realizing the significance of education, they now study very hard. The majority of them are able to pass the test to go up to the next higher grade.

While guiding prisoners to raise their educational level, special schools in Chinese prisons also pay attention to "training qualified personnel." It means that they also run all kind of training classes for the prisoners. Those who pass tests of various labor departments in society will be given technician certificates of an appropriate level. In view of the fact that many prisoners are skilled workers, the Shanghai Municipal Prison encourages them to invent and create. Prisoners who invented the "star war chess game" and the "rain-proof automatic clothes horse" won national patent certificates. Shandong Province awarded technical titles to prisoners in various prisons. The title-holders will be given a specific monthly allowance. As a result, inmates vie with one another to receive technical training. Many of them have had many job offers after they are released from the prison. [passage omitted]

With the improvement of the living standard, the Shanghai Municipal Prison also "studies its meal menu with a scientific approach." Prisoners now eat nutritious food instead of just having enough to eat. To deal with common diseases among inmates, the relevant departments rationally adjusts the food ingredients in order to keep inmates in good health.

Food in prisons also vary on the basis of geographical location. For example, prisons in Shanghai spend 62 yuan a month on each inmate's meals, while those in Shandong spend 55 yuan. In recent years, prisons in China have paid attention to providing nutritious food to inmates, mixing meat with vegetables. They keep their mess halls and kitchens clean and sanitary, provide prisoners with hot meals, and ensure that they have enough to eat. Meals for prisoners are often better than those for peasants in some poverty-stricken areas. In prisons in Shanghai and Shandong, some prisoners have refused to leave after they served their sentence and were released from prison. [passage omitted]

In addition to providing psychological consultation to prisoners, the Shanghai Municipal Prison also demands

that its prison staff broaden their knowledge of psychology. The prison authorities also organize prisoners to study psychology so that they know their own strengths and weaknesses, be able to know themselves and examine people and things around themselves from a rational point of view, and use psychology to explain what happened to them in the past. The prisoners have showed great interest in the study of psychology.

Female prisoners in Chinese prisons belong to a special group. They are separated from their male counterparts, forming a "female kingdom" that no males can enter or leave without permission. In the Weibei Prison in Shandong, there are more than 340 female prisoners convicted of murder, corruption, or sex offense. The oldest one is 65 while the youngest is 18.

Most of the female prisoners commit crimes because of sudden changes in their families, marriage, and love affairs. They often quickly wake up to their errors when they are thrown into prison. However, they easily sink into depravity. To help female prisoners reform themselves, it is necessary to arouse their consciences which have not completely died out and remind them of their responsibilities to their families and children and to society. Most of the female prisoners are narrow-minded and suffer from inferiority complexes. They may easily commit suicide. We must closely watch them. At ordinary times we must help them to replace their sense of passivity and pessimism with that of self-respect, self-improvement, independence, and self-dignity. During the past ten years, over 30 females inmates tried to commit suicide in the Weibei Prison, but none of them succeeded. [passage omitted]

Sex offences are often caused by deviations in one's concepts of morality and outlook on life. Female prisoners are considered the most difficult group to reform. Residents in Shanghai call the female prisoners in the Shanghai Municipal Prison the "worst women" in the entire city of Shanghai. In light of the characteristics of women's sex offence, the prison authorities emphasize moral education while trying to help them improve their behavior, to divert their interest and to apply psychological and physiological treatments. Specialists have been invited to give lectures in the prison on sexual physiology, sociology, psychology and ethics. Medical treatments have also been given to those who are physiologically abnormal, attaining notable results. [passage omitted]

There are profound social reasons for Chinese juveniles to commit crimes. Most of the 800 juveniles put behind bars in Shandong's juvenile prison come from the countryside, particularly suburban areas. About 70 percent of them are students who have left school. In recent years, the number of juveniles in the Shanghai Reform School had dropped. This is mainly because most of juveniles in the city are the only child in the family, and parents in such families pay full attention to the child's education and protect him or her. However, crimes committed by youths in suburban areas are on the increase. The number of crimes committed in Shanghai by young people from northern

Jiangsu, Anhui, Sichuan, and Jiangxi has sharply increased. Influenced by the "idea of the uselessness of study" and money-worship and the media, many juveniles fall by the wayside. Larceny and sex offences are common juvenile crimes. [passage omitted]

China uses the half-work and half-study program as its main form in reforming juvenile delinquents in China. They only work for half a day to learn skills such as repairing electric small appliances, gardening, sewing, cooking and, typing; while they study language for half a day to make up the courses which they would take in the regular schools in society. In recent years, activities of encouraging juvenile delinquents to improve their skills in industry, agriculture, and reading were carried out on an experimental basis. This program is aimed at allowing juvenile delinquents to walk out of the prison to participate in labor and study to end their estrangement from the society.

Music and fine arts have become effective means in educating juvenile delinquents. All prisons and reform institutions have formed fine arts groups to teach juvenile delinquents to study painting, sculpture, and calligraphy to mold their temperament. [passage omitted]

The Shanghai Municipal Prison is regarded as the most successful among all prisons in China in promoting cultural development. The prison authorities revealed that right now, there are three kinds of newspapers and two types of stations (the Reform-Through-Labor News, the Blackboard News and the Wall News, the broadcasting station and the television station), and three rooms and one stall (the library, recreation, and exhibition rooms, and the bookstall), and three teams and three groups (the entertainment, sports, and singing teams, and the study, interest, and story groups) to form a cultural network. Every three years, there is a large-sized sports meet. Every

two years, there is a joint literary and art performance, and once a year, there is an arts and crafts exhibition. Prisoners regularly attend flower and book exhibitions and play bridge. [passage omitted]

Following the development of China's opening-up program, the number of foreign convicts in China has increased. The Shanghai Municipal Prison had detained and reformed more than 350 foreign and stateless prisoners from over 30 countries. Right now, 11 prisoners of American, British, German, Burmese and other nationalities are behind bars. They are being punished by the Chinese law for smuggling, drug trafficking, or transporting counterfeit money.

As compared with their Chinese counterparts, foreign prisoners enjoy more freedom. They may wear casual clothes. There is no limit to their hair styles. They do not have to participate in physical labor. According to the prison authorities, foreign prisoner needs for life are basically met. [passage omitted] In dealing with foreign prisoners who are religious, prison authorities respect their religious beliefs, but they are not allowed to carry out activities to influence other people's religious activities. In addition, all foreign prisoners must study prison rules and regulations of discipline and Chinese law.

The Shanghai Municipal Prison also provides foreign prisoners with a television set and some books and magazines in foreign languages. Basically foreign prisoners have their own world. However, in many inner-prison sports meets, they also challenge their Chinese counterparts. They also form a "mixed football team of Chinese and foreign prisoners" to play against the guards' football team. As for those foreign prisoners who have shown outstanding behavior during imprisonment, the prison authorities may also reduce their sentence. [passage omitted]

General

Zou Jiahua Addresses Coal Miners' Meeting

OW1201010795 Beijing Central People's Radio
Network in Mandarin 1030 GMT 5 Jan 95

[From the "National Hookup" program]

[FBIS Translated Text] A national commendation meeting for model workers and advanced collectives of the coal industry was held in Beijing on 5 January. Li Peng, Zhu Rongji, Zou Jiahua, Li Lanqing, Song Renqiong, and Bo Yibo wrote inscriptions to greet the meeting. Li Peng's inscription reads: Carry forward glorious militant traditions to rejuvenate China's coal industry.

The Ministry of Coal Industry conferred the honorific title of special-class model worker of China's coal industry on 31 individuals. They included Hou Zhenqing, team leader of the third mining district of the Zhaoquozhuang Mine under the Kailuan Mining Bureau; Li De, leader of the tunneling team of No. 3 shaft of the Mulin Mine under the Jixi Mining Bureau; and Yu Kun, leader of the second tunneling team of the Yungang Mine under the Datong Mining Bureau. The Ministry also conferred the honorific title of model worker of China's coal industry on Su Defu, Sun Zixia, Liu Huimin and 464 others. The first comprehensive mining team of the Gushuyuan Mine under the Jincheng Mining Bureau and 14 other units were awarded the honorific title of red-banner unit of double civilizations of China's coal industry. The second comprehensive mining team of the Nantun Coal Mine under the Yanzhou Mining Bureau and 83 other units were named advanced collectives of China's coal industry.

Vice Premier Zou Jiahua attended and addressed the meeting. He encouraged the model workers to make new contributions to promoting the reform and development of China's coal industry.

Wang Senhao, minister of the Coal Industry, said at the meeting: At present, China's coal industry is in an important period of shifting to a socialist market economic structure. Over the last two years, coal industry enterprises have encountered great difficulties in their operations because of serious arrears in accounts receivable. Some of them are in such difficulties that they are unable to pay wages to workers and staff members in the normal way, and can hardly maintain simple reproduction. The vast number of workers and staff members are responding to the party's call, displaying a spirit of hard struggle and selfless dedication, considering the interest of the whole, and helping the country overcome difficulties. They have maintained stability in mining districts and brought about a sustained and healthy development of the coal industry. After reducing deficits by 2 billion yuan in 1993, major state-owned coal mines accomplished the task of reducing another 2 billion yuan in 1994, and thus laid the foundation for achieving an overall deficit reduction in the coal industry.

During the meeting, the model workers and representatives of advanced collectives published a written pledge to carry on the glorious tradition of coal industry workers—the tradition of being especially capable of fighting; to play the main force role of the working class; and to work hard to win new victories in the reform and modernization of the coal industry.

Political Bureau Member Wu Bangguo Inspects Ningxia

OW1201054795 Beijing Central Television Program
One Network in Mandarin 1100 GMT 7 Jan 95

[From the "National News Hookup" program]

[FBIS Translated Text] While inspecting work in Ningxia Hui Autonomous Region recently, Wu Bangguo, member of the CPC Central Committee Political Bureau and Secretariat, said: Strengthening enterprise management is an important part of establishing a modern enterprise system; an improvement in the external environment cannot supersede management within an enterprise itself.

Wu Bangguo inspected a succession of medium- and large-sized state enterprises in Ningxia from 1 to 6 January, holding forums on enterprise reform with factory directors and managers from a dozen or so key enterprises; and the new situation and problems facing medium- and large-sized state enterprises.

Wu Bangguo stressed: Establishing a modern enterprise system in which property rights as well as the rights and responsibilities of enterprises are clearly defined, government administration and enterprise management are separated, and scientific management is practiced, is the direction and goal of the reform of medium- and large-sized state enterprises. Strengthening enterprise management is not only the basis of all work in an enterprise, but also an important content of deepening the reform. Management brings about quality and efficiency; an improvement in the external environment cannot supersede management within an enterprise itself.

Speaking on strengthening enterprise management and increasing enterprises' internal vitality for production and operations, Wu Bangguo stressed: It is necessary to increase the production of goods that sell well, limit the production of products that are marketable but not in great demand, and cease the production of unmarketable products, to enliven the circulation of funds. Strictness must be stressed in enterprise management. Factory and enterprise managers should be firm in tackling and handling problems, allow the workers' congresses and trade unions to play their role, fully mobilize workers' and staff members' enthusiasm and creativeness, and respect their democratic rights.

During his inspection tour of Ningxia, Wu Bangguo also visited workers and staff members of enterprises and extended his regards to dependents of some workers who live in difficult circumstances.

Niu Maosheng on Water Conservancy in 1994

OW1201064495 Beijing XINHUA Domestic Service in Chinese 1136 GMT 29 Dec 94

["Special Year-End Interview With Water Conservancy Minister Niu Maosheng" by reporters Pu Liye (3184 4539 2814) and Lu Yongjian (7773 3057 1696): "Draw a Lesson From a Bitter Experience—Water Conservancy Enters a New Stage"]

[FBIS Translated Text] Beijing, 29 Dec (XINHUA)—The year 1994, a very unusual year for China in water conservancy, is about to pass. While people were bidding farewell to the outgoing year and greeting the new one, these reporters had an interview with Water Conservancy Minister Niu Maosheng. He said with emotion: Floods, droughts, typhoons, and other disasters have caused great losses to the motherland this year. In the wake of damaging disasters, the entire country has drawn a lesson from the bitter experience and has learned anew the important role of water conservancy as a part of the infrastructure and a basic industry in the national economy, and thus has started to increase investments in the construction of water conservancy works. He believed that, with the party's leadership and the efforts of the entire nation, water conservancy will surely be strengthened, so as to serve modernization drive in a better way and benefit the people.

As water conservancy minister and deputy head of the National General Headquarters for Flood Prevention and Drought Control, Niu Maosheng recalled: Although none of the big rivers has seen floods along all of its reaches this year, over 20 provinces still suffered from various degrees of floods, droughts, typhoons, and other disasters. Under the correct leadership of the CPC Central Committee and State Council, all localities have rushed to deal with the disasters and engage in the relief work and have greatly diminished losses. Water conservancy facilities have also played an important role in such efforts. However, this year's big flood still reminds us that the current situation of the undertaking of water conservancy does not match its status and role as a part of the infrastructure and a basic industry in national economy; it is still not enough to effectively safeguard the fruits of reform and opening up as well as the safety of people's lives and property. In view of this fact, the State Council called a national work conference on water conservancy this fall to enhance the entire society's awareness of water conservancy, clearly demand the implementation of a leadership responsibility system for water conservancy construction in all localities, incorporate the work of water conservancy into a system under which relevant leaders are responsible for attaining given objectives during their terms of office, and urge all localities to increase their investments in water conservancy. This marks a new stage in water conservancy construction which China has entered after 45 years of work.

Niu Maosheng said: Despite devastating disasters, the undertaking of water conservancy still advanced steadily this year. The State Council has approved the Ministry of

Water Conservancy's "three settlements" program [san ding fan an 0005 1353 2455 2714], and a new Ministry of Water Conservancy has concentrated its efforts on transforming functions, improving efficiency, and actively promoting the construction of systems for investments in water conservancy, fixed asset management, law and regulations, prices, and services. With the official inauguration of the construction of the Three Gorges and Xiaolangdi projects, the pace of constructing water conservancy facilities and hydroelectric power stations has stepped up significantly this year. The construction of the key projects and irrigation facilities for harnessing the Huaihe, Taihu, and other big rivers and lakes has accelerated and the newly installed 2 million-kw hydroelectric power units have brought electricity to more villages and given many counties complete access to electricity. In the meantime, a group of water supply facilities has been built and brought China's water supply capacity to 500 billion cubic meters per year for industry, agriculture, and cities. Soil erosion was also brought under control for over 30,000 square meters of land.

In addition, this year is the year of efficiency in water conservancy operations and management, and great progress has been made in increasing water conservancy efficiency. This year is also the first year of the implementation of the responsibility system of attaining given objectives by the entire water conservancy system. This year the Ministry of Water Conservancy has strengthened some basic work in water conservancy units, launched a series of measures for the construction of water conservancy forces, and thus improved their ideology, organization, and work-style. Niu Maosheng changed the subject and said: Presently, there are three major problems in water conservancy: First, the backwardness in studying soft science, such as policies, laws, regulations, mechanisms, and systems. Second, the insufficiency in the emancipation of minds and in the creativeness for reform. Third, water conservancy units do not make enough investment themselves, and the production and living conditions of workers and staff await further improvement.

Niu Maosheng also reminded us: The situation of flood prevention is not optimistic for next year. Although serious flooding has not occurred in many big rivers for several years, we should still enhance our consciousness of flood prevention and never relax it. Moreover, in view of the existing problems, water conservancy units must exercise greater efforts in reform next year, step up the harnessing of big rivers and lakes, follow through the principle of letting society run water conservancy facilities which are funded by money collected from the use of water resources, work out industrial policy, optimize the industrial structure for water conservancy, and strengthen the establishment of systems for farmland irrigation, water and soil conservation, legislation on water conservancy, unified management of water resources, and others. He particularly stressed three fields of work: First, new breakthroughs must be made in the study of soft science, including legal system, laws and regulations, thinking and concepts, mechanisms, systems, and so on. Second, new breakthroughs

must be made in science and technology, including the study in controlling silt, the application and promotion of shield technology [dun gou ji shu 4163 2845 2111 2611], and others. Third, a new breakthrough must be made in the investment in water conservancy; we must make sure that water conservancy is run by the entire society, including the state, localities, collectives, and individuals, and adhere to the principle that those who benefit from water conservancy should make the investment. In addition, funds for water conservancy should be set up in line with local conditions so that there will be a stable and reliable source for the investment in water conservancy. This year, many localities have come up with some new measures for this purpose and have obtained new experiences as well as good results. This is a good beginning.

Thousands of years of history have told us that water conservancy is the lifeline of China. Some facts in recent years also demonstrate that the more we reform and open to the outside world, the more we should attach importance to water conservancy construction. Niu Maosheng concluded: So long as the whole society makes concerted efforts, we will surely set up an effective system for flood prevention and safety, promote the undertaking of water conservancy to a new level, and accomplish new achievements in the socialist modernization drive and in people's lives and happiness.

Official Defends IPR Safeguards, Part 2

HK1201060895 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 10 Jan 95 p 3

["Intellectual Property Rights in China" column on interview with Shen Rengan, deputy director of the State Copyright Administration, by unidentified RENMIN RIBAO OVERSEAS EDITION reporter; column edited by Qi Xin (7871 2946): "Copyright Expert on Intellectual Property Rights Protection in China (Continuation)"—first paragraph is editor's note by Qi Xin"]

[FBIS Translated Text] Yesterday, this column published comments on the present situation of intellectual property rights [IPR] in China and an analysis of the breakdown of Sino-American talks on IPR by Shen Rengan, noted copyright expert and deputy director of the State Copyright Administration. Today, Shen Rengan continues answering common questions on "pirated versions," and other topics raised by a reporter of this column.

[RENMIN RIBAO] While IPR protection has developed by leaps and bounds, do you acknowledge that we are faced with grave problems?

[Shen] You are right. We are still faced with serious problems in the implementation of the "Copyright Law" and in protecting the rights and benefits of authors. The greatest challenge we are now facing is piracy, which includes the illegal production and sales of video products, books, computer software, and laser discs.

[RENMIN RIBAO] According to the information you have obtained, who do you think is carrying out "pirate" activities in China?

[Shen] The "PRC Copyright Law" came into force on 1 June 1991; the "Bern Convention" and the "Universal Copyright Convention" came into effect in China on 15 October 1992 and 30 October 1992 respectively; and the "Accord on Protecting the Copyright of Authors of Recorded Products and Preventing Reproduction Without the Author's Permission" came into effect in China on 30 April 1993. Thus, copyright of a strict nature came into being here. It should be noted that prior to 1 June 1991, the use of foreign works by Chinese did not constitute a violation of copyright. Therefore, there was no "piracy" during that period. Fundamental changes have taken place since we entered the 1990's. China now has a modern copyright law and has signed the international copyright accord under which more than 130 countries protect each other's copyright. As a result, reproduction of another's (including a foreigner's) works without permission would constitute a violation of copyright and even piracy.

So far as I know, there are two kinds of people involved in piracy in China: First, those who do not understand the law and who know nothing about intellectual property rights. Lacking the slightest sense of intellectual property rights, they believe the false reasoning that "copying books is not tantamount to piracy." They make a profit by reproducing books, records, and software, but believe that it is a "reward of their labor." Second, a number of lawless elements specially engaged in reproduction, which has included Mr. Qian Zhongshu's "Encirclement of the City" and Miss Xiao Rong's "My Father Deng Xiaoping." So long as they can make money, there dare to reprint anything.

To make exorbitant profits, they wantonly carry out piracy activities and even collaborate with lawless elements abroad in reproducing foreign CD-ROMs. Like the capitalists during the period of primitive capitalism, these people are very greedy and are willing to risk the guillotine so long as they can make a 100-percent profit. The former are ignorant of the law while the latter are robbers who defy the law.

[RENMIN RIBAO] How will the government crack down on such piracy activities?

[Shen] The Chinese Government adopts the attitude of severely cracking down on piracy. In view of the rampant piracy of laser discs in the southern coastal areas in recent years, seven central departments, including the State Copyright Bureau and the Administration of Press and Publications, issued a circular, urging provincial and city governments to reorganize the CD and CD-ROM production lines and punish the factories involved in pirating such products. The relevant government departments issued orders, urging the factories in Zhejiang, Hainan, and Guangdong involved in CD production to close down and undergo reorganization. In April, May, and June last year, a dozen provinces and cities, including Guangdong, Shanghai, Beijing, Jiangsu, Fujian, Hunan, and Hubei, dispatched thousands of personnel to conduct surprise inspections of the hi-fi market. They confiscated 258,100

illegally reproduced laser discs and 441,400 boxes of cassettes and videotapes. According to incomplete statistics of 23 provinces and cities, a total of 600,000 copies of illegally reproduced books were confiscated. One of the essential actions of the large-scale nationwide drive to "wipe out pornography and crack down on illegal publications" launched last year was to crack down on all forms of piracy. According to incomplete statistics, to date, all localities have confiscated a total of 1.58 million copies of illegal publications and 2.2 million pirated CDs in the drive to wipe out pornography and crack down on illegal publications.

The Eighth Session of the Eighth National People's Congress [NPC] Standing Committee adopted the "Decision of the NPC Standing Committee on Punishing Crimes of Copyright Infringement" on 5 July last year. According to the decision, the practice of those reproducing another's works, music, films, videos, computer software, or other products with the aim of making a profit, in which the amount of illegal income is large and where the case is particularly serious, constitutes a crime. As well as being fined, they may be imprisoned for a maximum of 7 years. The practice of those knowingly selling pirated products also constitutes a crime, and as well as being fined, they may be imprisoned for a maximum of 5 years.

[RENMIN RIBAO] Which recent crackdown at home has been the largest in scale?

[Shen] At 0350 on the afternoon of 28 September last year, the Guangzhou Procuratorate dispatched 40 people to make a sudden four-hour inspection of the 20-odd CD shops on the third floor of Guangzhou Baiyun Commercial Arcade. According to preliminary statistics, they found over 1 million pirated copies of a thousand CD titles and confiscated hundreds of thousands of yuan of illegal income. The procuratorate also held the owners of six shops for interrogation that same night.

That was the case in which the largest number of CDs has been confiscated so far. It was also the first action taken by the judicial organs following the adoption of the "Decision" by the NPC Standing Committee on 5 July last year.

The 800-square-meter commercial arcade where the shops were searched was a large wholesale center for pirated CDs. All the shops dealt with CD products (some with CDV, CDG, or LD). Generally, they dealt only in wholesale and did not offer retail sale. They did business with old customers and did not accept new ones. With customers coming from all parts of the country, they offered a full range of services, from examination of samples to taking orders and delivery. Their unboxed CDs cost only five yuan each. They delivered from thousands to tens of thousands of CDs every day. The case is still under investigation.

Guangdong Takes Measures on IPR Protection

OW1101034795 Beijing XINHUA in English 0305 GMT 11 Jan 95

[FBIS Transcribed Text] Guangzhou, January 11 (XINHUA)—South China's Guangdong Province has closed 20 factories found guilty of breaking laws concerning intellectual property rights.

On December 26, 1994, the Intermediate People's Court in this provincial capital ordered the 20 factories to stop infringing on the patent of the Kangbao Electrical Appliances Factory, and sealed up all their products in accordance with the law.

The Kangbao factory was the first in China to produce a device to sterilize food bowls, three years ago.

It filed suits against the 20 factories last year, claiming that they illegally used its invention.

Statistics Shows '94 Reform Results

OW1201060795 Beijing XINHUA Domestic Service in Chinese 1350 GMT 30 Dec 94

[By reporter Zhang Jinsheng (1728 6930 0524)]

[FBIS Translated Text] Beijing, 30 Dec (XINHUA)—Statistics of the nation's economic situation in 1994 released by the State Statistics Bureau [SSB] today show that 1994 has been a year in which the results of reform and development were fruitful: Breakthroughs have been achieved in macroeconomic reform, opening-up projects continued to develop both in scope and profundity, national economic development has continued to proceed rapidly, and the combined national strength has greatly increased. Facts show that China has become one of the countries and regions in the world enjoying the most vigorous economic growth.

According to the SSB's preliminary estimates, China's gross domestic product [GDP] in 1994 increased by more than 1 trillion yuan and exceeded 4 trillion yuan for the first time, reaching 4.38 trillion yuan. When calculated on the basis of comparable prices, the increase is 11.8 percent over than that of 1993.

Despite natural disasters, China has reaped relatively bumper harvests this year, and the annual added value of agricultural output is expected to increase 3.5 percent over 1993. Among the major agricultural products, the total grain output is expected to reach 444.6 billion kg [kilograms], or 11.9 billion kg lower than that of 1993; total cotton output will reach 4.25 million tonnes, topping that of 1993 by 500,000 tonnes; output of oil-bearing crops, meat, vegetables, and aquatic products has been increasing steadily; and output of sugar, jute, and tobacco declined somewhat.

According to statistics, in 1994 the nation's industrial production continued to grow rapidly, and enterprises' economic performance improved. It is expected that the added value of industrial output will have reached 1.84 trillion yuan by the end of 1994, or approximately 18 percent higher than in 1993. Along the coastal areas, nongovernmental economies have continued to maintain their rapid growth, the growth of state-owned enterprises and state-owned holding businesses has accelerated every season, and the output of light and high-tech industrial

products the market needed has picked up speed. The annual combined index of economic benefits will be 96.7, slightly higher than in 1993.

As for investment, it is estimated that the entire society has invested 1.6 trillion yuan in fixed assets in 1994, or about 28.5 percent more than in 1993; the extent of growth is lower than in 1993 by 30 percentage points. Investment needs have declined, the investment pattern has been restructured, and the needs for key construction projects have been more effectively ensured. This year, while controlling the momentum of investment expansion, the state has tightened the approval of construction projects, and this has curtailed the number of new projects by nearly 20 percent. Meanwhile, as efforts to invest in basic industries and infrastructures have intensified, the proportion of investment in these areas has accounted for more than 50 percent.

The statistics show that market supply has been ample and the market for consumer goods has been active this year. It is estimated that total retail sales of consumer goods this year will reach 1.6 trillion yuan, up 30 percent over 1993, or about 7 percent after adjusting for inflation. The market for consumer goods has been brisk since the second half of the year, and the supply of light industrial and textile goods has been ample. While the supply of certain agricultural and sideline products has been tight, there has been no shortage. Sellouts and panic purchasing basically have not occurred.

Regarding foreign trade and foreign exchange, the nation has enjoyed a favorable trade balance this year. It is expected that total imports and exports in 1994 will top \$235 billion, an increase of about 30 percent, and total imports will reach \$115 billion, an increase of approximately 10 percent. The favorable balance of \$5 billion has averted the situation of the preceeding two years where imports were higher than exports. Meanwhile, the nation's foreign exchange reserves have increased substantially. It is expected that the year-end foreign exchange reserves will have at least doubled that when the year began. Foreign investments have also been increasing steadily. It is estimated that the actual investment in 1994 will reach \$35 billion, or 35 percent higher than 1993. The size of investments is larger and the technological level of investment projects has been higher.

The statistics also show that the living standards of people living in cities and rural areas have improved. City and town dwellers' per household income has exceeded 10,000 yuan. Calculated on the basis that each household has 3.3 persons, city and town dwellers' per capita income for living expenses has reached 3,150 yuan. The per capita net income of rural residents has reached 1,200 yuan. After adjusting for inflation, the incomes of urban and rural residents have increased 7.8 and 5 percent respectively over 1993. While purchasing nearly 100 billion yuan of treasury bonds, urban and rural dwellers' savings have increased substantially. It is estimated that the amount of savings reached some 600 billion yuan in 1994, exceeding the combined total of 1992 and 1993.

Analyzing China's economic problems in 1994, the SSB notes that the biggest problem has been the excessive increase of commodity prices. It states: First of all, the retail prices of 1994 are expected to increase 21.7 percent over 1993. While the majority of families are able to withstand the economic impact, low-income families' actual incomes have dropped. Second, some state-owned enterprises have difficulty coping with their production and operations. By the end of November, losses incurred by state enterprises were 27.6 percent higher than for the same period last year. Third, agricultural development has been sluggish, owing to the fragile foundation of agricultural production.

*Economist Views PRC Long-Term Development

95CE0142A Beijing JINGJIXUE DONGTAI
[ECONOMIC DYNAMICS] in Chinese No 10, 18 Oct
94 pp 7-11, 52

[Article by Wang Jian (3769 1696): "China's Long-Term Economic Outlook and Problems Through 2010." The author is affiliated with the State Council's Planning Commission's Research Department.

[FBIS Translated Text] I. The Starting Point and the Goal of Development

1. Estimates of Per Capita GNP

China's industrialization must borrow from other nations' historical experiences. Because of different laws of development at different stages and because per capita GNP is the best indicator that separates different stages of development, we must determine China's current per capita GNP.

Based on a current exchange rate figure that shows China's 1994 per capita GNP to be slightly more than \$370 is obviously too low. On the other hand, World Bank's estimated figure based on purchasing power showing China's 1990 per capita GNP to be \$1,950 is obviously too high. Using per capita consumption of actual goods and materials as indicators is perhaps a more accurate measurement. Comparing China's actual per capita consumption of energy, raw steel, electricity, grains, and meat to that of Japan and "Asia's Four Small Dragons," our per capita consumption of capital goods is slightly lower, but our per capita consumption of consumer goods is slightly higher, than when their per capita GNP was \$500. In sum, China's per capita GNP in 1990 was \$500; total GNP came to \$570 billion. This is the starting point at the development stage of our long-term program.

2. Rate of Growth and Planning Goal

Experiences of Japan and "Asia's Four Small Dragons" prove that after economic development enters the heavy-industry-oriented phase, there will be a period of rapid growth which will last for about 20 years, during which the GNP will increase at a sustained rate of under 10 percent. From the point of the industrial structure, agriculture's share will fall from 40 percent to around 10 percent;

industry's share will increase from 15-20 percent to around 45 percent; the service industry will remain basically unchanged.

Since China's industrialization has already entered the heavy industry stage in the early part of the 1990's, it is likely that its long-term growth rate can be sustained at around 10 percent. Based on this figure, by the year 2010, China's GNP will reach \$3.835 trillion, and based on an estimated total population of 1.4 billion by that time, the per capita GNP will be \$2,740, equivalent to that of a moderately-developed nation.

The \$2,500-per-capita-GNP point is an important milestone marking the completion of a country's industrialization mission, because beyond that point, the people's consumption demand for material goods is basically met, and their consumption demand will gradually shift to services, giving impetus to the development of the service sector, at which point we become a "post-industrialization society."

If China's per capita GNP exceeds \$2,500 in the year 2010, it means its historical industrialization mission is basically complete. Therefore, our goal for the year 2010 may be to "basically complete the industrialization process." This will mark the important trend in China's development in the next 20 years.

II. Long-Term Developmental Trends and Problems

Under this general trend, there will be a series of drastic changes in the pattern of development; there will be new trends unlike those in the old days. These new trends will meet the basic industrialization needs but will also bring many new contradictions and problems.

1. The trend toward emphasizing heavy industry and the distorted investment structure:

The industrial structure of the heavy industry stage is marked by a dramatic increase in the GVIO among the three sectors—primary, secondary, and tertiary; but in addition, the internal industrial structure will change dramatically as marked by a sharp increase in the proportion of heavy industry and in the proportion of machinery, electronics, chemical, and other heavy processing industries within the heavy industry sector. When the per capita GNP hit \$500 in Japan and "Asia's Four Small Dragons," their heavy industry accounted for a 40 percent share, and by the time their per capita GNP reached \$2,500, heavy industry accounted for a 60-70 percent share. For historical reasons, China's industry has always accounted for a bigger share among the three sectors, and heavy industry's output has also accounted for a bigger share of the GVIO, reaching 45.1 percent and 52.7 percent, respectively, in 1993. Heading toward the future from this base point, industry may account for a 50 percent share, and heavy industry may account for 70 percent, [of the GVIO] by the year 2010.

What causes this huge structural change is the dramatic change in investment structure. Take Japan for example.

During the period of rapid industrialization (1955-1970), investments in all fixed assets increased 11 folds while investments in industries increased 15 folds. Specifically, investments in machinery and electronics increased 28 folds.

China's three "Five-Year Plans" formulated since reform have put the emphases on the development of light and basic industries and have chosen some technology- and knowledge-intensive heavy processing industries with high added-value to be the lead industries but have never given them priority status. In the last two years, economic growth accelerated again, but the share of investments in industry, especially heavy processing industry, has declined. Because of a domestic shortage of or failure to produce our own machinery and equipment and parts and components necessary for industrial development, we must depend on massive imports. Thus, the share of imported machinery and electronic products has risen from 30 percent in 1991 to nearly 50 percent, and this has put tremendous pressure on our balance of payments.

The essence of industrialization is to replace traditional technologies with modern technologies. If we cannot develop some knowledge- and technology-intensive, high added-value, heavy processing industries to be the leading industrial group, it will be difficult to accomplish or even continue our industrialization mission.

2. The huge scale of production and scarce mineral resources:

Around 70 percent of the resources needed for light industrial production come from the agricultural sector; most of the resources consumed come from the earth surface. Heavy industrial production, on the other hand, basically depend on mineral resources for raw material, and therefore, when the era of heavy industry arrives, the industrialized mix of resources will shift from the earth surface to beneath the earth surface.

Although China is vast in territory, it has little below-ground hidden resources other than coal, and adding the large population, its per capita consumption of mineral resources of all types, except for coal, ranks below 80th place in the world. But completing its industrialization mission and achieving modernization ultimately means increasing per capita material wealth, and without ample mineral resources, there is no guarantee that we will succeed.

Take petroleum for example. Based on 40 percent of the per capita oil consumption level in the United States and Japan and 60 percent of that in Taiwan and Korea when their per capita GNP reached \$2,500, by 2010, China will need 1 billion tons of oil. Our current annual production is only 140 million tons, and because of continuous exploitation, Daqing and Shengli and other major oil fields in the east will be nearly depleted by the end of the century, and meanwhile, new Xinjiang wells and offshore productions cannot completely take over the responsibility because of limited output. If, in the future, China needs to import

800-900 million tons of crude each year, overall it will account for two-thirds to three-quarters of the world's current exports.

Clearly, in the wake of heavy-industry-oriented development, the conflict between economic growth and resource consumption will continuously intensify, and if China cannot resolve the energy and mineral resource supply problem during this industrialization process, its modernization goal will not likely be realized.

3. Increased demand for agricultural products and the shortage of agricultural resources:

By the year 2010, China's population will increase by another 200 million. When the per capita income of the Japanese, whose diet is similar to ours, reached the \$2,500 level, their average grain consumption was 520 kilos. Today, our per capita consumption is under 400 kilos, and based on 500 kilo per person, by the year 2010, our total grain demand will top 700 million tons.

As industrialization and urbanization progress, inevitably, farmland will continue to shift to nonagricultural use. According to Agricultural Ministry estimates, by the year 2010, total farmland will be reduced to 1.3 billion mu, and based on the current percentage of grain-growing area and multiple crop index, if all 700 million tons of grain are to be produced domestically, then each mu must yield more than 450 kilos. Currently, only small countries like Holland and Belgium can achieve such high per unit area yield. No country in the world has exceeded 300 kilo per unit area yield on a large scale. In 1993, China's per unit area yield reached 275 kilo per mu. If grain output is to reach about 500 million tons in 2010 and per unit area yield is to be sustain at the 325 kilo level, we will have to import 200 million tons of grains. This amount is equivalent to the total grain trade in the world today. If both domestic production and foreign imports are plagued by problems, as per capita income increases, it will lead to serious supply-demand problem, and food prices will continue to rise. The government will be faced with chronic "market basket" and "rice sack" problems.

4. The trend of urbanization and other related problems:

When the per capita income of Japan and "Asia's Four Small Dragons" reached \$500, their urbanization rates were around 45 percent, and by the time their income reached the \$2,500 level, urbanization was over 75 percent. Their rates of urbanization increased by about 1 percentage point each year. Currently, China's urbanization rate is only around 27 percent.

Because of the low starting point, even if our urbanization rate increases at a rate of 1 percentage point a year between now and the year 2010, at the end of the period, our urbanization rate may reach around 60 percent. In other words, urban population will increase from today's 320 million to 840 million people, with a net increase of more than 500 million people, and the number of cities will increase from today's 500 to more than 1,000. Without

this kind of progress in urbanization, we will not be able to accommodate the 500 million newly-added urban population, nor will we be able to radically change China's rural outlook.

If urban population is to increase by more than 500 million people in 2010, then each year, we must move no less than 28 million of the rural population to the cities. But such massive shifts of the rural population to the cities will inevitably create employment, water supply, and environmental problems. Whether we can overcome the conflict of the "dual structure" and dramatically raise the rates of industrialization and urbanization of the rural population will be critical to China's industrialization mission. Conversely, if we cannot lower the proportion of rural population while raising the share of nonagricultural output value, then it will be impossible for us to change China's rural outlook or maintain its social stability.

5. The new pattern of regional economies and its related problems:

From the 1990's on until the next century, three major changes will take place in China's regional economies:

First, the westward shift of resources will create a "closed western region" and an "open eastern region." China's industrial center has always been in the east; its resource exploitation activities have also always concentrated in the east, but the eastern part is not a region rich in resources. Since the 1980's, the eastern region's share of resource output has declined steadily, and increasingly the center of production has "shifted west." Because of the vast territory and the great distance between east and west, the massive transport of resources from east to west is very uneconomical and adds to the transport cost. But in the long-run, the west will not meet all of the nation's industrialization needs. Therefore, with this pattern of westward shift of resources, sooner or later, the east will "put both ends abroad," and the west will rely on its own region's resources to complete its industrialization process.

Second, we will see "the center of growth shifting north." In the 1980's, south China's economy, led by the Zhujiang Delta, was the fastest-growing. This was because China's economic growth in the 1980's was "light industry-oriented," and South China's were predominantly light industries, which just fit that growth pattern, and adding its advantage of being next door to Hong Kong and Macao, it became the center of China's economic growth in the 1980's. In the 1990's, with the pattern of heavy-industry-oriented development, the direction of demand has shifted from consumption to investment, and the regional focus has also shifted from the light-industry-dominated south to the heavy-industry-dominated north, especially the region around Bohai, with its high concentration of heavy industries. The emergence of regional blocs worldwide has forced Japan and "Asia's Four Small Dragons" to change the direction of their developmental strategies in the 1990's. Both Japan and Korea are located to the north, and the two country's economic scope is 14 times that of Hong Kong and

Taiwan. They can give far more impetus to China's economy than Hong Kong and Taiwan. Because northern China, especially the area around Bohai, has inside and outside advantages, it is certain that the center of China's economic growth will "move north" in the 1990's.

Third, the economic regions will become relatively independent. The scale of regional markets is the product of population size within the region and the per capita income. Small population but high per capita income can produce fairly large market demands, and conversely, large population with low per capita income cannot produce too big a market. Given the conditions of a modern market economy, many industries must reach a certain production scope before they can reap the benefits of economies of scale, but the scope of production is constrained by the size of the markets. Therefore a set of equipment that has reached economies of scale and can satisfy the consumption needs of people in a vast area when the per capita income level is low will not be able to serve the same area and population as the per capita income level rises.

Currently, China's industrial pattern is characterized by "light-industry-dominated in the south and heavy-industry-dominated in the north; light-industry-dominated in the east and heavy-industry-dominated in the west." This characteristic in itself reflects an industrial pattern based on nationwide division of labor. Since the 1980's, because of rapid economic growth, the trend toward industrial regionalization has begun to emerge. If we look at the distribution of the volume of rail transport in 1990, we will basically find three—north, central, and south—major economic regions. The intra-regional rail transport volumes in these regions were clearly higher than the inter-regional volume. For example, in the northern economic region which includes the northeast and north China, the intra-regional rail transport value topped 70 percent while shipment outside of the region only accounted for 30 percent. In the wake of the accelerated economic growth within the next 20 years, this trend of economic regionalization will continue to develop, and by the year 2010, there may be more than 20 relatively independent economic regions (see soon to be released special report.) The most distinct characteristic of these economic regions is that within the domain of a given region, there will be a set of relatively independent industrial system, and this system will provide the local population with most of the necessary capital and consumer goods. China will enter an era of economic regionalization.

Whether we are talking about "moving north" or "moving west" or about economic regionalization, there will be many new problems. The exploitation of resources and the development of new local processing industries in the western region will require huge investments, while the eastern region must gradually develop its own overseas resource markets. As the focus of growth "moves north" in the 1990's, the southern provinces and cities which are dominated by light industries will also face the problem of raising capital to develop the region's own heavy industry. Economic regionalization's greatest obstacle is today's

separatist administrative management system. On the one hand, it leads to endless small-scale and redundant construction, and on the other hand, it limits the proper circulation of factors of production beyond the administrative boundaries. If China's economy cannot achieve proper allocation to comply with the laws of development spatially, the pace of industrialization will be very much slowed.

6. The poor quality of the population, the aging population, and the social security problems:

Heavy industrial products are characteristically technology- and knowledge-intensive. Therefore, the upgrading of the industrial structure and replacement of traditional technologies with modern technologies are founded on improving the quality of the people. Statistics show that more than 90 percent of the workers in China are physical laborers; less than 10 percent of all workers are professional and technical personnel. China accounts for 22 percent of the world population, but 230 million of its people are illiterate, accounting for 25.9 percent of the world's illiterate rate. Therefore, compared to materialistic modernization, modernization of human quality is an even more arduous task.

When Japan's and Taiwan's per capita income made the transition from the \$500 level to the \$2,500 level, their spending on public education remained unchanged at around 5 percent of the GNP. In the same process, Korea also raised its educational spending from 2 percent to 5 percent. Currently, China spends about 2.8 percent, but if we increase our educational outlay to around 5 percent, we will have to tighten investment in economic construction by the corresponding amount. This conflict has always been there; it will become more acute in the future.

Because China implements a family planning policy, it will enter a period marked by population aging at the end of this century and the beginning of the next century.

With an aging population, social spending on various types of guaranteed programs will increase accordingly. In the West, social security expenditures account for about 8-10 percent of the GNP, even 20 percent in France and Italy. In China, first, because currently the population is made up of relatively young people, and second, because of the relatively small urban population, spending on social security programs which the government is directly responsible for is relatively low, only about 4-5 percent of the GNP at this point. But as aging increases and urbanization progresses, sooner or later, social security spending will rise to around 10 percent. If most well-developed western countries had to deal with their population aging problem only after they completed industrialization, then because China's population will enter the aging stage before the country completes that process, its industrialization will face more serious funding problems.

7. The problems of industrial internationalization and opening up of international markets:

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China's industrialization will have international impact. This is easily discerned from our earlier analysis of the demands for energy, mineral resources, and agricultural products. China's current mix of imported goods is dominated by manufactured goods; they account for more than 80 percent of the import volume. Judging by the economies of Japan, Taiwan, and Korea whose per capita resource endowments are similar to ours, their import of primary products remained at 50-70 percent throughout their industrialization process. China's import mix will undergo similar changes soon or later.

If China imports 900 million tons of crude oil in the future, we must consider the fact that massive purchases will lead to higher crude prices in the world market. Based on the imported price of \$150 per ton, crude oil import will cost \$135 billion. If we have to import 200 million tons of grains in the year 2010, and considering the fact that massive import will cause prices to rise, and based on the cost of \$200 per ton of imported grain, grain import will cost \$40 billion, and adding other foodstuffs, total food import will cost around \$50 billion. Looking at the experiences of Japan, Korea, and Taiwan, their import of primary goods remained at a level equal to 70-80 percent of their import of food and raw materials during a period of accelerated growth. For China, based on 70 percent rate, future import of other primary products will cost around \$130 billion, which means the import of all primary products will come to about \$320 billion. If the import of primary products account for 70 percent of all imports, then by the year 2010, China's total import will be worth \$410 billion. This import level will decide China's export level in 2010.

World trade grew at a rate of 4.5 percent a year in the 1980's. Assuming that it grows 4 percent a year in the 1990's and through the early part of the next century, then by 2010, world export trade will be worth \$7 trillion. If China exports \$410 billion's worth of goods in 2010, its share of world export trade will increase to 6 percent, up from 2 percent in the early 1990's. As for the long-term rate of increase, it can sustain a growth rate of 12 percent a year up to the year 2000 and 7.5 percent between the years 2000 and 2010.

The question is whether the world market can supply China with sufficient primary goods, especially grain, petroleum, and iron ores. Currently, there are tens of millions of acres of farmland lying fallow in North America and Europe; many Asian, African, and Latin American countries are actively exploiting all sorts of mineral resources; the Middle East has 30 billion tons of crude reserve, sufficient to supply the world for more than a hundred years. But will China's massive purchases cause these countries to greatly increase exploitation and utilization of their resources? Will it lead to tension and instability in some of these countries? How high will prices climb in the international markets? We must study and debate these issues in detail when we formulate our long-term programs and get some scientific answers. It should be pointed out that, in most cases, the above estimates of

China's long-term resource needs are based on about one-half of the consumption levels of the developed industrial countries when their per capita income reached the \$2,500-level, and so far we have no reason to believe that technological progress in the beginning of the next century will reduce our resource consumption level to below half of the current level, and therefore the conflicts may be more serious than estimated here. Of all structural changes caused by the shift to heavy industry, the change in the foreign trade mix may be the most drastic. If the proportion of imported primary goods should reach 70 percent, the import of manufactured goods will have to be greatly reduced. To a large extent, China's industrial modernization is dependent on the import of advanced technologies and equipment from the well-developed industrialized countries. Since the 1990's, imported equipment has been increasing at a rate of 25 percent a year. If the share of import of primary goods should increase to 70 percent in the future, the long-term increase in equipment import must be reduced to around 6 percent. The speed of industrial modernization will be greatly impeded.

One way to resolve this is to further speed up the rate of increase in exports to increase the volume of imports. By the year 2010, China's exports will account for 6 percent of world trade, which does not appear very high compared to the United States' 17 percent share and Japan's 13 percent share today, and overall, it will equal the United States' and Japan's export levels today. But in practice, it is not an easy task. The key lies in what products we can sell to open up the international markets. After the collapse of the hegemonic system, the focus of contention of world powers has shifted from the military to the economic and technological arenas. International competition has become even more heated. China successfully developed its foreign trade in the 1980's because it seized the opportunity to move into the labor-intensive products market given up by the developed countries when they were adjusting their industrial structures. But in the 1990's, and especially in the next century, our foreign trade will be competing with the developed countries on equal footing, and things will become much more difficult. It is hard to forecast if there will be opportunities to continue to accelerate the rate of growth in trade.

8. Problems with accelerating the growth rate on a long-term basis and maintaining stability at the same time:

Rapid growth without inflation is the most ideal situation in the industrialization process. But in the 15 years of reform, almost every round of rapid growth has been accompanied by fairly serious inflation. Inflation that occurred during the period of rapid growth between 1984 and 1988 was due partly to excess money supply and excess demand but was also caused by stalled agricultural production, the supply of food products at soaring prices, and other structural causes. Inflation since 1993, meanwhile, has been caused mostly by decontrol and the adjustments of prices of food and services and other structural factors.

Some people believe that so long as China follows a policy of "controlling the money supply and decontrolling prices," it can sustain long-term, inflation-free, high-speed growth. But our earlier analysis shows that because China is a country of scarce resources, and with its 1.4 billion people heading towards an industrialized society together, it not only will restrict the use of the nation's own resources but will also continuously increase the production cost of agricultural and mineral products and lead to long-term, cost-push-type inflation. It will also force us to make massive purchases in the international markets, which will lead to long-term, import-based inflation. Depreciation of the value of our money caused by non-trade-based inflation will generate demand for currency just to sustain a normal cycle of reproduction, and in turn it will put pressure on the money supply in the opposite direction, forcing it to increase. Therefore, China's rapid economic growth in the future will be accompanied by inflation. This situation is not one that pleases the government or the economists, but it is an inevitable fact of life.

*Analysis of Key Problems in Current Economy

95CE0185A Beijing JINGJI CANKAO BAO in Chinese
29 Nov 94 p 4

[Article by Zhang Liquan (1728 4539 5028), Economics Research Institute, State Planning Commission: "High Economic Growth Rate and the Structural Changes in Demand—Analyzing Some Important Problems in the Present Economic Situation"]

[FBIS Translated Text] The special characteristic of rapidly rising consumer demand in the present economic situation has already manifested itself conspicuously: Very obvious changes have occurred in the demand structure, which in turn have induced obvious structural changes in economic growth, as economic growth in light industry is now surpassing that of heavy industry to an ever larger measure. At the same time, the speed of economic growth and the rise in commodity prices are continually accelerating and increasing, creating, as a consequence, certain problems with operations of the economy, that deserve attention. **Peculiarities in Economic Operations and Their Causes**

There are two conspicuous peculiarities in the present economic situation, one is the large amplitude of economic growth, and the other is the continuous rise in the commodity price index. A further analysis of the present economic situation reveals that the causes for the above two phenomena are not completely the same. It reveals that the main causes for climbing industrial growth rates are expanding consumer demand and investment demand; the cause for the continuous rise in commodity prices is not only the one factor of demand changes, but also, and most importantly, the fact that price reform and market control have not yet caught up with developments.

Right into 1994, the consumer market continued briskly, consumer demand increased rapidly, and investment

demand also rebounded. Because of the increased consumer and investment demand, because of the rise in the production-to-marketing ratio, and even in spite of the continuation of the stringent money policy, fund turnover accelerated, while the economic growth rate rose substantially. This state of affairs indicates that, under the various prevailing conditions, demand is still the most important factor that determines the speed of economic growth. Compared with the rebound of investment demand, it is the increase in consumer demand that is the much more conspicuous factor. In contrast to consumer demand in the last few years, there is also evidence of structural changes within this new consumer demand. These have caused changes in the growth structure, and have been the cause, since the beginning of this year, of the fact that economic growth in light industry surpasses that of the heavy industry to an ever larger measure. These changes in growth structure are the main reason for the elevated economic growth rate.

One of the reasons for the continued rise of commodity prices is increased demand, especially consumer demand, and the other reason, a more important one, is the problem of price reform and market control, because viewed from the supply side, we see that there is no conspicuous stringency when it comes to consumer goods or objects for investment.

The above analysis reveals that nothing indicates that there is an inherent, natural relationship between present commodity prices and the accelerating economic growth rate, and that the present intertwining of various factors creating these twofold rises is, to a large extent, a fortuitous phenomenon, and that it is not possible to conclude that the rise in commodity prices is the result of the greater speed of economic growth. **Some Worthwhile Problems and Serious Considerations**

1. The Very Rapid Increase in Consumer Demand

Surveying the changes in consumption during the 1988-1994 period, we have seen that a rapid increase in consumer demand recurred from 1993 on, and that the rapid increase in retail sales of consumer goods at that time approached the level of that in 1988. This trend became even more pronounced during the period from January to September of 1994. Changes of this kind in consumer demand must certainly have our attention. The changes were not merely chance phenomenon brought about by rising commodity prices, but were rather a phased change in consumption due to changes in income levels. Since 1992, following the rise in the economic growth rate, there has been a simultaneous rapid increase in citizens' incomes, and the citizens' purchasing power reached new heights. By 1994, citizens' incomes and savings increased at an ever faster pace and quite naturally resulted in a faster increase in their consumption expenditure.

An analysis of consumer demand shows that in the prevailing economic situation consumer demand is a component of increasing importance within the overall demand, and that it is only possible to effectively regulate and

control the total economy by giving due consideration to consumer demand, as this determines the increase in investments. This point has to be given attention in the formulation of the economic plan and of economic policy. It is, furthermore, one of the important characteristics of the present increase in consumption, that rural consumption is increasing essentially at the same pace as urban consumption. This is quite different from the situation a few years ago. In the urban markets, it is also not a case of rapid increase merely in the sales of certain hot-selling items, but that there are increasing sales of all kinds of commodities. There is a tendency toward increasing sales over the whole range of commodities. This situation indicates that expanded consumer demand is not only the result of higher quality consumer goods, but also of the expanded volume of consumer goods available. The expanded consumer market is not only due to the speedy replacement of an older generation of goods by new ones, but also the rapid growth of incomes. This situation will have a stimulating effect on the traditional consumption industries and will be an important factor in promoting the rapid development of the light industry. If this trend of growing consumer demand is to last, it will result in rapid increases both in consumption and investments. The experiences of the 1980's tell us that under the conditions of these economic operations, there will be a rapid expansion in the overall volume of demand, and it will become rather difficult to regulate and control the situation. It is indeed a problem that must be watched closely and must be given the utmost attention.

2. The Relations Between Rapid Economic Growth and Currency Inflation

Although there is presently no certain relation between the speed of economic growth and currency inflation, this fact is something that applies to the special circumstances of today. Over a comparatively longer period of time, there will be a close relationship between the two. An analysis of consumer demand shows that the present overall volume of demand is already rapidly expanding, and, if allowed to continue, it will certainly have an effect on currency inflation. The main reason why the presently prevailing speed of economic growth does not yet affect currency inflation is that there is still a certain latent potential of underdeveloped supply capability, and any eventual change in the relation between the two elements will be caused by any decline in growth of the said potential. We must realize that the construction that went on during the 1980's and 1990's has greatly strengthened China's infrastructure and basic industries, for instance, the production of electric power and steel. Moreover, China has a relatively large foreign exchange reserve, and has a substantial regulatory capability through its imports. There is, therefore, a certain potential on the supply side. This too is an important reason why the continued economic growth since 1993 has, in the short-term, not resulted in any extremely critical situation. However, we must also recognize that the said potential has its limits; there exists a particular weakness in the country's transport capability. Using transport capability as an example, the average

elasticity coefficient for the 1988-1993 period of the increase in the total volume of freight transported by railway in relation to the increase in gross industrial output value was 1:7.04, leaving the railway with a 3.5 percent annual potential of freight transportation increase. Thus, the present supply potential is capable of standing a 24.64 percent industrial growth rate (the aggregate growth rate of all industry of village and above-village rank during the January to September period was 19.7 percent, and, computed on this basis, this year's growth rate of industrial output value was around 24 percent). We see from this analysis that during this year the accelerated speed of economic growth will have no evident effect on currency inflation. A point of critical change in the relationship of growth rate to currency inflation will soon be approached; it will be necessary, combined with the further analysis of consumption, to give special attention in 1995 to the regulation and control of overall volume. This is to prevent excessive speed in economic growth, as this could aggravate the tendency toward currency inflation.

3. Characteristics of the New Mechanism for Monetary Regulation and Control

Since the advent of 1994, the general policy has been one of monetary retrenchment, while economic growth, on the other hand, had mainly taken its cue from the ultimate changes in demand, and the effect of the monetary policy had not at all been very conspicuous. To explain this phenomenon we must analyze the special characteristics of the mechanism for monetary regulation and control. One important factor is that after the reform of the foreign exchange system, the supply of foreign exchange and the exchange rates were mainly determined by the market, and settlement of foreign exchange was one of the channels for the supply of RMB funds. The special characteristics of exchange settlements have undergone substantial changes. Related to this, the special characteristics of the supply of RMB funds have also undergone changes. On the one hand, the uniform exchange rates caused the mid-point exchange rate level to go up and thus directly increased the outflow of RMB funds through the channel of foreign exchange settlements. Secondly, the changes in the exchange rates have had the effect of rewarding exports and restricting imports, thus improving the trade balance, and at the same time also increasing the outpouring of RMB funds. On the other hand, of even greater importance is the fact that a market link was established between the supply and demand of foreign exchange funds and the supply and demand of RMB funds, the increase of foreign exchange on hand and the corresponding increase in the supply of RMB now mainly being determined by supply and demand in the market. In a time of economic contraction, there will be first a tightening of the money market, and the supply of RMB will be very tight, whereupon the supply and demand relation in the market will undergo a change, as supplies will exceed demand. With the freedom in foreign exchange settlements and greater independence in foreign trade, especially with a greater proportion of the foreign trade in the hands of "three-capital" enterprises, enterprises will actively expand exports, which, on one

hand, will resolve the problem of the insufficiency of the domestic market, and, on the other hand, mitigate shortages of RMB funds. At that time, the movements of foreign exchange will have the effect of alleviating domestic monetary stringency. Under a monetary regulation and control of this kind, and as long as there is still some growth potential domestically and capability to increase exports, the speed of economic growth will not slow down. On the other hand, we must also recognize that at times when, in the domestic market, supplies are insufficient to meet all demand, exports will decline, imports will increase, and foreign exchange in hand will decline, with a corresponding decline of RMB supplies, and the market itself will again exercise some kind of a "deflationary" function. Therefore, to know what effect the characteristics of the new mechanism for monetary regulation and control will have on the macroeconomic regulation and control, it is absolutely essential to gain an accurate understanding of these special characteristics.

***Trade Commission Deputy on Reducing Inventory**

95CE0118A Beijing JINGJI GONGZUO TONGXUN
[ECONOMIC WORK NEWSLETTER] in Chinese No
19, 15 Oct 94 pp 5-6

[Article by Shi Wanpeng (4258 8001 7720), Deputy Minister of State Economic and Trade Commission, entitled: "On Limiting Production, Reducing Inventory and Promoting Sales for Second Half of 1994"]

[FBIS Translated Text] Under the guidance of the decision made at the Third Plenary Session of the 14th National CPC Congress, the four major reform measures in the financial and tax system, in banking, in investment and in foreign trade have been announced one after another since the beginning of this year. The party central committee and the State Council have adopted a series of measures to exercise macro-economic control. The government operation is basically normal, and China's economic situation is being improved. In order to consolidate the achievements made in the development of the reform program, the State Council is adopting more measures to insure sustained and steady development of the national economy. For a long time, some localities have complained about the increase of debts among enterprises and demanded that the state organize enterprises to clear up their deficit in circulating funds. However, our experience has proven that we are unable to bring about a temporary solution, let alone effect a permanent cure of the problem if we only rely on the bank to help enterprises increase their capital. The fundamental issue is how to help enterprises open up their market, adjust their product mix and legally protect themselves. Therefore, the meeting recently sponsored by the Premier's general office of the State Council decided that it would not try to clear up deficits in circulating funds throughout the country. It demanded that various departments and areas do a good job in limiting their production, reducing their inventory and promoting sales.

I. Further Raising Our Awareness, Strengthening Leadership in Limiting Production, Reducing Inventory and Promoting Sales

The economic and trade commissions (economic and planning commissions) and the various industrial departments under the State Council, must pay full attention to the work of limiting production, reducing inventory and promoting sales as an important task in carrying out their economic work; and adopt effective measures to firmly strengthen their leadership. On the basis of the Jing (4842) 119 Document (1994) issued by the State Economic and Trading Commission, they must ensure that the industrial enterprises in their own district and department carry out production in accordance with the principle of "increasing the production of readily marketable goods, limiting the production of those goods with average sales and suspending the production of those goods which are slow in sales." First of all, they must produce goods that are really marketable or goods for which payments are guaranteed. Meanwhile they must compile a list of products of which they have limited or suspended production. They must conduct check-ups on how major enterprises in their own district are carrying their work in limiting production and reducing inventory, and announce the results from time to time. They must provide enterprises with guidance in limiting production, reducing inventory and promoting sales. In particular, those provinces, autonomous regions and municipalities and major departments where a large amount of capital is being tied up in inventory and products are less marketable must analyze and solve the problems. They must adopt concrete measures to do the work of limiting production, reducing inventory and promoting sales for the second half of this year and strive to achieve new breakthroughs in carrying out such work. Various localities must divert their efforts from clearing up debts to fulfilling the task of limiting production, and reducing inventory and promoting sales. They must strive to achieve the goal of making 95 percent of the products manufactured by all industrial enterprises throughout the country readily marketable and, shorten the average inventory turnover time by three days as compared with that of last year.

II. Strengthening Coordination with Other Departments in Limiting Production, Reducing Inventory and Promoting Sales

The economic and trade commissions at all levels (economic and planning commissions) must coordinate with the bank in adopting economic means in support of the credit policy of encouraging the production of superior products and discouraging that of inferior products. Bank loans to enterprises as a part of their circulating funds should be used in the production of marketable products with good economic returns and in the execution of contracts with guaranteed financing. They must coordinate with the bank to oversee the use of loans as circulating funds. They must supervise and control the use of loans as circulating funds by those enterprises which produce both fast-selling and slow-moving products. They must resolutely support the bank to turn down loans which will be

used to produce products that are overstocked and unmarketable, and encourage the enterprises to produce other products. In dealing with enterprises with a huge inventory of unmarketable products, they must coordinate with the departments concerned to adopt administrative measures such as imposing a restriction to the use of electric power and other energy resources to help limit or suspend their production. In dealing with some enterprises with a large amount of their capital tied up in the finished products in stock because of transportation problems, the communication and transport departments must actively support them in making transportation arrangements and help them reduce the inventory of marketable goods in their warehouses.

III. Helping Enterprises Use Legal Means to Protect Themselves in Doing Business and Setting Accounts, Refusing to Release Goods Prior to Advanced or Guaranteed Payments

Some districts and enterprises hold different views of this connection. They are worried that production will drop and enterprises would lose their market and old customers if they act in such a manner. They are not so determined in taking actions in this regard. Under the present condition, we must pay a price for combating the trend indicated by the saying that "It is reasonable and beneficial to owe money. We may have to adopt the measure of "refusing to release goods without receiving advanced or guaranteed payments" and sacrifice a part of "market" in which buyers cannot afford to pay for the goods they have purchased. Therefore we call on various districts and departments to earnestly offer guidance to enterprises on how to protect themselves. Various industries must help the state-owned backbone enterprises in their own specific trade to get organized. When conditions permit, they may also extend their activities to cover large and medium-sized enterprises in other economic sectors and take joint actions against delinquent payments for goods purchased.

IV. Bringing Into Full Play Role's of Administrative Departments in Various Industries in Limiting Production, Reducing Inventory and Promoting Sales; Guiding Enterprises in Quickening Their Pace in Adjusting Their Product Mix

Various industrial departments under the State Council must bring into full play the role of those departments which are in charge of various industries in limiting production, reducing inventory and promoting sales; and correctly guide enterprises to do their work well in this connection. They must earnestly study the market and do a good job in adjusting the product mix. Right now, the various industrial departments under the State Council, particularly those departments where the rate of product marketability is low and by those departments where the rate of proely actions to coordinate with other localities in limiting production, reducing inventory and promoting sales.

V. Making Further Improvement in Collecting Data and Compiling Statistics for Limiting Production, Reducing Inventory and Promoting Sales

Beginning August 1994, the State Economic and Trade Commission will issue a monthly circular on the development of the work of limiting production, reducing inventory and promoting sales in various localities. The major provinces, autonomous regions and municipalities and key industrial departments where a large amount of capital is being tied up in finished products in stock must timely analyze the reasons for the sluggish sales of products and the large inventory in stock; and work out feasible corrective measures. The economic and trade commissions at various levels must coordinate with and support the statistics and the financial and banking departments in studying and solving the problems which crop up in the course of limiting production, reducing inventory and promoting sales in one's own locality, and in doing the work of compiling and analyzing the data well.

Judges Comment on Handling of Bankrupt State Firms

OW1101084395 Beijing XINHUA in English 0816 GMT 11 Jan 95

[FBIS Transcribed Text] Tianjin, January 11 (XINHUA)—The bankruptcy of state-owned enterprises poses a range of new issues that the Chinese legislation and judicial departments will face in the drive to build a socialist market economy, according to top local judges.

After the successful auction of a major state-owned brewery on Tuesday [10 January] in this largest port city in North China, the judges said that bankruptcy cases should be handled in close conformity with the law, while taking into account the actual situation in China.

"The potential influences must be taken into account in handling bankruptcy cases of State-owned enterprises in order to promote the nation's social stability and economic development," they said.

The auctioned-off brewery, with fixed assets of 89 million yuan and more than 600 workers, was reportedly in debt to the tune of 183 million yuan. It was sold to a Sino-foreign joint venture for 54 million yuan, including 26 million yuan in land-use title transfer fees.

The brewery was Tianjin's third bankruptcy case, and was the State-owned enterprise with the largest amount of fixed assets to have gone bankrupt in China.

Questioned as to how legal procedures are to be followed in handling future such cases, Hu Yulin, chief judge of the Economic Court of Tianjin's Higher People's Court, said that it is quite different for a state-owned enterprise in China to go bankrupt than for a firm in the Western world to go bankrupt.

In China, he noted, the relation between the judiciary and administration and between the central and local authorities should be taken into account when bankruptcy is contemplated.

Due to historical reasons, the bankruptcy of a state-owned enterprise has a great bearing on the interests of its workers, creditors and the state in China, especially when the relation between the government and enterprises has not yet been streamlined and the government still has the final say over the enterprises, the judge said.

He said that in the course of bankruptcy and auction, the judicial departments have to consult with those of the administrative in resettling workers, evaluating fixed assets and land-use transfer.

In addition, the biggest creditor of a state-owned firm is usually a state bank and its workers and property come under the administration of the local government, he noted. For this reason, a unity of law, economy and social development must be achieved, he said.

Gao Aimin, a senior judge from the same People's Court, who was involved in handling the brewery bankruptcy case, said that bankruptcy and auctioning of state-owned enterprises are currently handled mainly in accordance with the Trial Enterprise Bankruptcy Law and the Civil Procedure Law.

But, he pointed out, the current bankruptcy law enacted in the mid-1980s is now unable to meet the growing demands of a market economy and needs further revision.

He said a careful examination into the conditions of the debtors should be made to avoid any false bankruptcy declaration to evade debt.

Although the creditors of the bankrupt brewery only recovered some 10 percent of their losses, they were satisfied that the public auction was held strictly in accordance with legal procedures, he said.

According to other senior jurists in Tianjin, the bankruptcy of state-owned enterprises is still at a limited, trial stage as China's social security system is not yet fully developed.

However, they concluded, the brewery auction was an encouraging step in the deepening of the reform of China's state-owned enterprises.

Official Suggests Ways To Settle Enterprise Debts

HK1101152295 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1141 GMT 5 Dec 94

[FBIS Translated Text] Guangzhou, 5 Dec (ZHONGGUO TONGXUN SHE)—The long-standing debts of state-owned enterprises is a real problem which has long plagued the development of enterprises and has now become a big difficulty in the transformation of state-owned enterprises' operating mechanisms. Concerning this problem, an official from the State Commission for Restructuring the Economy stated a few days ago that the debts were incurred by state-owned enterprises under specific conditions and a specific system and should be studied and

solved comprehensively; in connection with state industrial policies and development plans, state-owned asset management and operations, reform of the state investment and finance structures, and the restructuring and adjustment of enterprises' asset and liabilities mix, all the debts of state-owned enterprises should not be written off without analyzing the situation.

The official believes that the following can serve as specific pointers in solving the debt problem: 1) Enterprises with the conditions must set up debt reserves. If there are bad debts, they should first be met, if only partly, by the enterprise's bad debt reserves. 2) Bad debts should be rigorously audited by the bank where the enterprise in question keeps its accounts. When confirmed, the bank should report to the concerned departments for approval to write off bad debts to the banks. 3) For those enterprises which incurred debts because of the financial policy of "changing state allocations into loans," subject to individual cases and the verification of the amounts and percentages involved, these loans can be changed into investment and counted toward the state-owned share capital of the enterprise. 4) Debts incurred for capital construction and capital loans between enterprises can, after consultation and agreement, be changed into share rights, which will allow the enterprises involved to restructure their capital. 5) Enterprises whose long-standing debts were incurred due to reasons beyond their control should be allowed credits, with or without interest. 6) Enterprise debts incurred for objective causes can be resolved through financial departments issuing special bonds to the banks.

State Enterprises Still Suffering 'Serious' Losses

HK1201012395 Beijing ZHONGGUO XINWEN SHE in English 1358 GMT 11 Jan 95

[FBIS Transcribed Text] Beijing, January 11 (CNS)—The State Economic and Trade Commission says today that there are still serious losses in the state-owned enterprises in China. To decrease the number of such enterprises by 15 percent compared with the first half of the year, and to decrease the deficits by 15 percent compared with the year before are indeed very difficult.

According to the latest statistics, up to the end of November, the deficits of the state-owned enterprises in China had decreased from 49.6 percent by the end of March to 41.4 percent. The number of loss-making enterprises decreased by 3,200. The growth rate of deficits had decreased by 52.1 percent when compared with the same period of the year before. The number of the loss-making state-owned enterprises of local industries were 40.7 percent of the total, which had increased by 4.8 percent compared with the same period of the year before. The total deficits were RMB [renminbi] 21.1 billion, which had increased by nearly 31 percent compared with the same period of the year before. The number of the state level loss-making state-owned enterprises were 59.8 percent, which had increased by 4.7 percent compared with the same period of the year before. The total deficits amounted

to RMB 13.5 billion, which had increased by 22.7 percent compared with the same period of the year before.

The State Economic and trade Commission pointed out that the economic situation of state-owned enterprises in China has become better from April of last year because measures for adjusting deficits and increasing profits have been adopted in every place. According to the targets set by the State, adopting practical measures at each level is one of the criteria to determine the achievements of departmental and local officials.

The State Economic and Trade Commission has mentioned the workable methods in the next step in reversing such a situation. First, to pay closer attention to the adjustment work of sectors with great deficits. Secondly, as capital in 18 cities is going to be restructured on the trial basis, promote transformation of mechanism and establish new system in enterprises. Thirdly, sum up and popularize experiences of Jiangxi. Fourthly, study and put forward practical proposals for setting up a special fund for reversing loss-making situation.

Chongqing Sells State Enterprises to Private Investors

HK1101153195 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1025 GMT 24 Dec 94

[FBIS Translated Text] Chongqing, 4 Dec (ZHONGGUO TONGXUN SHE)—Chongqing City Industrial and Commercial Bureau revealed a few days ago that the owners of the city's individually and privately operated enterprises have moved from renting and contracting to merging and buying state-owned enterprises. From mid-October this year, 37 state-owned enterprises inside and outside the city have been purchased, six of which have an annual output value of over 100 million yuan.

A group of ambitious individual business households and private business operators, not content with the wealth they have already acquired which runs to thousands and millions of yuan, moved from the simple and primitive accumulation of wealth into massive reproduction, which is the latest trend for individual and private businessmen.

The hot news in this mountain town in early October this year was that an individual business household in Chongqing City had purchased the mining and operating rights of a state-owned mine for 20 million yuan.

Prior to this, a privately run enterprise in Jiulong district, Chongqing City, had bought out a medium-sized state-owned enterprise for 5 million yuan, another had bought out a state-owned coal mine for 3 million yuan, and a third had done the same with a state-owned cement plant in Fuling district, Sichuan Province for 4 million yuan.

Most of these state-owned enterprises, before the mergers and takeover, were ill-managed, had poor economic returns, and were close to collapse. But tremendous changes occurred after they were transferred to individual

and private concerns. A state-owned coal mine in Wansheng District, which could not even keep up with workers' wages before the takeover, doubled monthly wages for its 270-odd workers. Another state-owned enterprise, deserted by almost all of its engineering and technical staff before the takeover, saw all of them go back to their original posts afterwards, and they brought 30 aeronautical and military industrial engineers with them to work at the enterprise.

***Regulation on Supervision, Management of State Enterprises**

95CE0088A Beijing QIYE GUANLI [ENTERPRISE MANAGEMENT] in Chinese No 10, 1 Oct 94, pp 20-21

[Article by Jing Guiliang (2529 6311 0081) of the Enterprise Bureau of the State Economic and Trade Commission: "Main Content of the Supervision and Management Regulations"]

[FBIS Translated Text] The Supervision and Management Regulations are to enhance supervision and management of state assets, safeguard state ownership, and implement major administrative rules and regulations for enterprise legal personal property rights. Thoroughly implementing the Supervision and Management Regulations is extremely important for intensifying reform of state enterprises, promoting the entrance of state enterprises into the market, and consolidating and developing the state economy. The main content of the six sections and fifty articles of the Supervision and Management Regulations is analyzed as follows: I. **Make it clear that state assets in enterprises belong to the state and establish a unified principle regarding state ownership of state assets**

Section 1 of the Supervision and Management Regulations clearly expresses that the aim of this legislation is "to enhance supervision and management of the property of state enterprises, to consolidate and develop the state economy, and to promote the establishment of the socialist market economic system." It stipulates the basic duties and requirements for smooth property right relationships and the principles to which the supervision and administration of state enterprise property should conform. There are three important regulations in Supervision and Management Regulations regarding state enterprise property rights: The first stipulates that state enterprise property belongs to the whole people, that is that it is owned by the state. It makes it clear that the principal owner of state enterprise property is the People's Republic of China. The second stipulates that the State Council represents the state in the unified exercise of ownership of state enterprise property. The third stipulates that under the unified leadership of the State Council, administration of state assets is divided by level. These regulations conform to the stipulations of the Chinese constitution and the spirit (determined) by the Third Plenum of the 14th Central Committee of the party. The Supervision and Management Regulations clearly define by law the unity and integrity of the main body of ownership of state enterprise

property and refute those who advocate partial ownership, local ownership, and enterprise ownership, and make it clear that no department, locality, or unit except the State Council can act as the main representative of state enterprise property ownership and they maintain the constitutional principle that the property of the whole people is sacred and cannot be infringed upon. In addition, Section One of the Supervision and Management Regulations also clearly stipulates the government's function as administrator of the socialist economy and the principal of the function of separating ownership of state assets. These regulations indicate the direction for further converting government functions and establishing a new system for administration of state assets.

II. Clarify that state asset administration is divided by level and specify the responsibilities of central and local government departments

Section Two of the Supervision and Management Regulations specifically stipulates the responsibilities of state asset administration departments and government authorized supervisory organizations in dividing administrative levels and dividing up supervision. The Supervision and Management Regulations stipulate that under the unified leadership of the State Council, administration of state assets is divided by level. The special State Council State Asset Administration Department according to law administers national state assets. State asset administration departments of local people's governments at all levels administer state assets in their jurisdiction. The Supervision and Management Regulations regarding State Council stipulation of departments in charge of administering state assets are the six regulations formulating administrative rules and regulations and systems; organizing and conducting such basic administrative tasks as appraisal of fixed assets and circulating funds; supervision and examination of the maintenance and increase of the value of assets; mediating and resolving disputes over property rights to state assets, and adjudicating illegal activity and dispensing administrative penalties.

The Supervision and Management Regulations regarding dividing of supervision begin from China's current situation, utilize current organizations, and clearly distinguish the supervisory responsibilities of the central and local governments and relevant departments and organizations regarding the supervision of the maintenance and increase of the value of state enterprise property. The Supervision and Management Regulations divide State Council authorized supervisory organizations into two types. One type are State Council authorized departments to carry out supervisory responsibilities for enterprises under State Council jurisdiction and enterprises under local jurisdiction that the State Council believes require direct supervision. Another type are State Council authorized national corporations that carry out supervisory responsibilities for enterprises belonging to them. The responsibilities of the two types of supervisory organizations are generally the same. The distinction is that when the State Council authorized department appoints or dismisses a factory

director (manager), appointments and dismissals for some enterprises and enterprise groups must be accompanied by a proposal from the relevant department to appoint or dismiss the factory director (manager). As regards the organization of personnel of the supervisory board and the need to report to the State Council for approval, reporting and approval procedures should be in accordance with relevant regulations. Supervision and Management Regulations regarding provincial governments' supervision are that, with the exception of enterprises supervised by supervisory organizations authorized by the State Council, the provincial people's government can determine the relevant department or the relevant organization to share the supervision of state enterprise property under its jurisdiction.

III. Clearly specify that the supervisory board is the supervisory organization organized to supervise the maintenance and increase of the value of enterprise property.

Section Three of the Supervision and Management Regulations specifies the nature, organizational methods, and main responsibilities of supervisory boards. Supervisory boards are the supervisory organizations organized to be assigned as necessary to supervise the maintenance and increase of the value of enterprise property. The Supervision and Management Regulations specify that supervisory boards are made up of five types of personnel. The first are supervisory organization appointed representatives. The second are representatives appointed by the Ministry of Finance, the State Economic and Trade Commission, and such government departments as the National State Asset Administration Bureau, as well as relevant banks. The third are specialists in such areas as economics, finance, law, technology, and enterprise management and administration engaged by supervisory organizations. The fourth are those engaged by supervisory organizations representing the leaders and employees of enterprises being supervised. The fifth are other personnel engaged by the supervisory organizations.

The Supervision and Management Regulations also stipulate that supervisory boards are to be made up of an odd number of people, no fewer than five and no more than fifteen. The number of supervisory personnel appointed by the supervisory organizations and other government departments should not exceed two thirds of the total number of personnel on the supervisory board. The chairman of the supervisory board is appointed by the government or the supervisory organization from the members of the board. The term of each supervisory board is three years and supervisory reappointments should not exceed two terms. The main responsibilities of the supervisory board are: To examine the supervision and evaluation of enterprise management efficiency and maintenance and increase in the value of enterprise state assets by verifying accountants' books or enterprise financial reports signed by factory directors (managers); to look at company financial accounts and related data and advise factory directors (managers) and relevant personnel; to supervise, evaluate, and record the managerial achievements of factory directors (managers) and recommend

appointments, discharges, and awards and punishments for factory directors (managers) to the supervisory organization; and to provide advice to factory directors (managers) as required. The Supervision and Management Regulations also stipulate that the supervisory board and its supervision must not interfere with the management authority of enterprises. In addition, the Supervision and Management Regulations also have explicit stipulations about the supervisory boards' operating procedures and operating systems, and legal responsibilities, as well as supervisory conditions and responsibilities.

IV. Establish that state enterprises enjoy legal person property rights and clarify enterprise self-management rights and responsibilities

Section Four of the Supervision and Management Regulations stipulates that state enterprises according to law enjoy legal person property rights. It clarifies the property rights that enterprises enjoy and the responsibilities that they should assume according to law and it stipulates the principles and procedures that transfer and reorganization of property rights should conform to. The Supervision and Management Regulations stipulate that enterprises enjoy legal person property rights and in accordance with law independently allocate the property that the state confers on them to manage and administer. The enterprise legal person property rights are the rights to occupy, use, and distribute according to law the property conferred on them by the state to manage and administer. Neither the government nor supervisory organizations should in any way withdraw any of the capital injected into the enterprise, transfer enterprise property, or under any guise exact any fees from enterprises. The state's responsibility toward enterprises is limited to investing funds in the enterprises. The enterprise as a fully legal person independently assumes civil responsibility for property. These regulations of the Supervision and Management Regulations give the impetus and the capability for state enterprises to be self-managed and be responsible for their own profits and losses and create the conditions and provide the legal guarantees for enterprises to truly become legal person entities and market competitors.

To ensure the maintenance and increase of enterprise state assets, the Supervision and Management Regulations stipulate that enterprises should establish an asset management responsibility system and assume responsibility for maintaining and increasing the value of all enterprise legal person property and their net assets. Factory directors (managers), as the enterprises' legally designated representatives, assume management responsibilities for maintaining and increasing the value of all enterprise legal person property and their net assets. In addition, the Supervision and Management Regulations also have come out with principled regulations to ensure maintenance and increase in the value of state assets in implementing contracts, leases, stock systems, and reorganizations for new enterprise legal persons, as well as conducting joint management and cooperative management enterprises with foreign firms and to guard against the draining off of

state assets. The Supervision and Management Regulations also stipulate an approval system for enterprise property right transfer.

In addition to the major content of the four aspects described above, in Section Five and Section Six respectively, the Supervision and Management Regulations also stipulate the departments in charge of administering state assets, supervisory organizations, departments approving change of enterprise property rights, supervisory boards, and supervision and state enterprise violation of regulations, and such things as legal responsibility that should be assumed and implementation and scope of the utilization of the Supervision and Management Regulations.

***CASS Official on Reform of Enterprises**

95CE0070A Hong Kong CHING CHI TAO BAO in Chinese No 40, 10 Oct 94 pp 28-30

[Article by Chiang Tao (3068 3447): "Interview with China Academy of Social Sciences, Industrial Economics Institute Deputy Director Chen Jiaqui"]

[FBIS Translated Text] Chinese Academy of Social Sciences [CASS], Industrial Economics Institute Deputy Director cum researcher Dr. Chen Jiaqui [7115 0163 6311] told this reporter recently that the process of reform of China's state-owned enterprises, going from giving them greater authority for self-management and control over profits, to establishing a modern enterprise system, is now entering a crucial stage. In order to tackle the entrenched, difficult problems of state-owned enterprise reform, the following actions, tailored to different conditions of the enterprises, will need to be taken: reorganizing some enterprises; transferring and grafting specific components of some enterprises on to others; contracting, leasing and selling off a group of enterprises; merging and annexing another group with some other enterprises; and liquidating through bankruptcy still another group of enterprises. He called this package of five reforms the "Five-in-One Project" of the state-owned enterprise reform.

Mr. Chen Jiaqui attended the China's People's University and CASS graduate faculties and received his MA and Phd in economics; he was a visiting scholar at the Hong Kong Chinese University's Institute for Industrial-Commercial Management and spent an extended period studying and doing research in economics at the University of Colorado graduate school in the U.S. For a number of years, he has carried out research on issues of enterprise reform and management; currently a CASS Industrial Economics Institute deputy director, he was named one of the nation's "young experts who have made outstanding contributions." At present, his research is focused on measures for reform of state-owned enterprises, in particular, the question of privatization.

Four Stages of Enterprise Reform

Chen Jiaqui told this reporter that from 1978 to the present, considerable progress has in fact been made in

China's state-owned enterprise reform. In the main, this reform has gone through four stages:

The first stage: From the end of 1978 to September, 1984 was a trial period in which the enterprise self-management authority was expanded. The basic thinking was reforming the overly centralized economic management system and invigorating the enterprises by expanding their authority for self management.

The second stage: From October 1984 to end of 1986 was a period when various operating methods were tried out. The basic thinking at that stage was emphasizing the separation of government from enterprise and management from ownership, the implementation of various operating methods with contract responsibility at the core, adopting a stockholding system by a small number of enterprises on a trial basis, and further expanding the enterprise authority for self-management.

The third stage: From 1987 to the end of 1997 was a period of transformation of the enterprise operating mechanism. The basic thinking at that stage was shifting the reform focus from expanding the enterprise self-management responsibility and control over profit to transforming the entire enterprise mechanism itself. To this end, the State Council promulgated the "Rules and Regulations for Transforming Operating Mechanism of Collectively-Owned Industrial Enterprises," which give enterprises self-management authority in 14 specific areas. With the scaling back of centralized economic planning and continued freeing of prices, state-owned enterprises were gradually being pushed towards the market, forcing them to operate by the rules of a market-oriented economy.

The fourth stage: Beginning in 1994, China's enterprise reform entered the stage in which a modern enterprise system began to take shape. In November, 1993, the Third Plenum of the 14th CPC Congress provided certain clear goals for state-owned enterprise reform, namely—to establish a modern, scientifically managed enterprise system which responds to market economic demands, to clearly delineate ownership and production responsibilities, and to separate government from enterprise. It further suggested that in establishing a modern enterprise system, it would be beneficial to also explore the possible privatization of state-owned enterprises. Soon afterward, China promulgated the "Privatization Law," and the process of establishing a modern enterprise system thus began.

Enterprise Reform Entering Crucial Stage

Mr. Chen Jiaqui said that prior to 1987, China's enterprise reform was basically carried out by expanding the enterprise's authority over management and profit and stimulating the enterprise profit incentive. While adjustments of relationships among government, enterprise and workers in terms of economic benefits remained to be made, simply adjusting their relationships in terms of benefits without transforming the enterprise mechanism would leave the issue of "benefit negotiation" unresolved for the enterprises. At the end of 1986, pressured by economists,

concerned government departments began discussing the issues of "micro mechanism reform" and "perfecting the enterprise's internal mechanism" and [these discussions] greatly improved people's understanding of enterprise reform. But in reality, reform was still being implemented by promoting a series of new contract approaches, without touching the traditional enterprise system itself. In this period, the pioneering work done was expanding, on a trial basis, the shareholding system, even though many of the trial implementations lacked standardization; nevertheless, actual experiences indicated that among enterprises which had adopted the shareholding system, significant progress was made in expanding the enterprise self-management authority and transforming the enterprise operating mechanism itself. According to survey reports of the State Economic and Trade Commission and other departments at that level, the number of enterprises in China operating with the shareholding system had grown to 11,200 by the end of 1993. Of these enterprises, 80.2 percent had made relatively good progress implementing self-management authority in the 14 areas, accomplishing twice as much as other average enterprises; and 78 percent of the shareholding enterprises reported having made basic or very great changes in their enterprise operating mechanism. This amply demonstrates that to deal with the crux of China's state-owned enterprise reform, actions are needed to resolve the issue of enterprise ownership versus management of production, to establish a modern enterprise system, to shape the market to be the mainstay of the economy, and to turn enterprises into independent corporate entities.

Chen Jiaqui considered that China's state-owned enterprise reform is entering a crucial stage today, and the major battle to be fought is establishing a modern enterprises system. In this stage a complete set of comprehensive reforms will need to be carried out, at the foundation will be rationalizing and reorganizing responsibilities for enterprise production; with the major objectives of making enterprises responsible for their own operation, expansion, controls, and profits and losses. The main contents of reform consist of changing state-owned enterprises into shareholding enterprises, establishing horizontal delegation of management authority within enterprises, standardizing a financial accounting system, a rational resource distribution system, and an employment system based on mutual selection by both management and labor. He emphasized that enterprise reform necessarily involves changing one's concepts, thinking and strategies. Concretely speaking, the changes will involve the following—changes from simply expanding enterprise responsibility over management and profit to transforming the enterprise operating mechanism; from separating ownership from management responsibilities to realigning their relationships; from granting certain preferential policies to state-owned enterprises to reducing their debt burden and social responsibility in order to create a more equal competitive environment; from passively maintaining the totality of state-owned assets and preventing losses to promoting the circulation and utilization of assets to

maintain and increase their value; from the past in which state-owned enterprises could only be established but not dissolved to a future in which some will survive while others will go bankrupt based on survival of the fittest.

Organizing to Implement the "Five-in-One" Project

Turning to the concrete measures to be taken in the next stage of enterprise reform, Chen Jiaqui elaborated on the "Five-in-One" project:

First, a large group of large- and medium-size enterprises meeting the requisite criteria should be reorganized as shareholding companies.

Enterprises with mostly sole-source government investments may be reorganized as state-owned companies in accordance with the law and regulations, but enterprises thus converted cannot be too numerous and should be limited to industrial enterprises of the military and enterprises which produce certain specialized products; a majority of large- and medium-size enterprises, as they are being reorganized as shareholding companies, should open themselves to capital investments from all sources. A majority of these enterprises should be reorganized as limited-liability companies, some as limited-liability shareholding companies, and only a small number can be taken public. After the large- and medium-size enterprises are reorganized as shareholding companies, the government will retain major stakes only in those companies considered to be basic enterprises or pillars of the economy; all other companies should seek to attract capital investments from non-official and private investors, as the government will only hold shares but not major stakes in such companies.

After reorganization as shareholding companies, the large- and medium-size state-owned enterprises will still face many difficulties which cannot entirely be solved in the next two years, but it is nevertheless important that they proceed now to experiment and gain experiences. The State Commission for Restructuring the Economy and the State Economic and Trade Commission have selected one hundred enterprises to take the lead in implementing modern enterprise system reform, to explore and understand the ways and means for dealing with such issues as the ownership-management relationship in the reorganized enterprises, the separation of government from enterprise, and the reduction of enterprise debts and social burdens so that their experiences may benefit other enterprises which follow in their footsteps.

Second, it will be necessary to continue to attract and utilize capital from abroad and from Hong Kong, Macau and Taiwan, to develop foreign-funded enterprises, and to merge them with some of the state-owned enterprises.

Practical experience has demonstrated that the merger of certain state-owned enterprises, given their existing infrastructure facilities, factories, sites, and equipment, with foreign-funded enterprises established by foreign, Hong Kong, Macao and Taiwan capitals, is a relatively effective

method for reorganizing state-owned enterprises which will also result in benefiting both parties. The government should further improve the policy and regulations governing "foreign-funded" enterprises, simplify investment procedures and provide even better communications and information services for overseas investors. The latter should be encouraged to increase their investments in infrastructure enterprises such as energy, transportation, communications, and exploitation of raw materials, in the interior region, in the large enterprises and in technological upgrading projects of the old enterprises.

Third, for a majority of the small enterprises, the policy will be sales, leasing or contracting out.

There is no need for small state-owned enterprises to be owned and operated by the state. They, particularly the small state-owned service-oriented enterprises, can be sold, leased, or contracted out; some can be reorganized as shareholding companies; and others sold to collectives or individuals. At the same time, laws and regulations should be drafted to delineate the investment scope of state-owned enterprises and strictly control the development of small state-owned enterprises. Through these measures, the role state-owned enterprises play in the economy should be reduced and the structure of investment of state-owned assets will be improved.

The law and regulations governing merger, annexation and amalgamation of enterprises should be further improved. Well-capitalized and efficiently-operating enterprises with high managerial standards whose products are in market demand should be encouraged to annex or amalgamate with enterprises which fail to keep up. Enterprises should be urged to unite or develop alliances, particularly among the large enterprise groups; and all enterprises should be encouraged to merge on the basis of equality and mutual benefits. Further, the merger, annexation and amalgamation of state-owned enterprises should be encouraged, particularly where such actions would cut across regional and departmental lines or restrictions. Through such measures, it will be possible to adjust the organizational structure of enterprises, revitalize enterprise productivity, and promote the best and the superior enterprises while eliminating the inferior ones.

Fifth, practical measures should be taken to enable a group of enterprises to go into bankruptcy.

In recent years, losses sustained by China's state-owned enterprises have increased; while such losses were due in part to taxation system and financial accounting system reforms, most losses incurred by a majority of the enterprises were traceable to such operational factors as technological backwardness, management confusion, inferior product quality, products not suitable for the market, high expenses and serious waste. In the case of enterprises with non-operational losses, we should positively create the conditions to give them the necessary support and help them return to profitability within a certain period of time. Many enterprises operating in the red have accumulated huge debts, which in some cases exceed their total equity,

and these cannot be revived as normal businesses. We should therefore proceed to categorize the enterprises, separate those which are beyond rescue, take practicable steps to firmly lead them into bankruptcy, and gradually establish a mechanism in which enterprises will succeed or fail on the basis of the strong eliminating the weak.

Implementation of A Comprehensive Series of Reforms

Mr. Chen Jiaqui continued: Of course, the "five-in-one" project is not the total content of state-owned enterprise reform, for a comprehensive series of reforms need to be taken, particularly system reforms in such areas as management of state-owned assets, finance, investment, labor and personnel, and social welfare. In the interview, Mr. Chen emphasized in particular the following two points:

First, the establishment of an effective system for managing and operating state-owned assets.

He considered that managing and operating state-owned assets at all levels of government can be systematized in terms of three different administrative levels:

The first level is a [national] administrative management mechanism for state-owned assets. Its major functions include determining, drafting, and implementing rules and regulations governing control, utilization, and disposition of state-owned assets; organizing accounting of assets, registering and clarifying asset rights and estimating asset values; collecting and collating data on state-owned assets and establishing a statistical system for reporting enterprise assets, and incorporating them in the national statistical base; formulating a system for appraising the value and appreciation of value of state-owned assets; providing an overall evaluation of the operating conditions of state-owned assets and facilities; establishing and managing an operational mechanism for state-owned assets, including guiding and evaluating the asset investment activities; delegating authorities to others to manage the non-profit entities among state-owned assets; coordinating concerned government departments' utilization of state-owned assets, including exercising oversight over their management; coordinating and resolving disputes over asset rights in concert with government departments concerned; etc. He considered that not all the departments currently managing state-owned assets have the capabilities or are equipped to exercise these functions and that it would be advisable to consider setting up, at all levels of government, commissions to manage state-owned assets, and these commissions will then carry out the functions of central management of state-owned assets on behalf of government authorities at the various levels.

The second level involves the decentralization of responsibility for management of state-owned assets. In order to ensure the separation of government from enterprise in the organizational phase at every level of government; organizations to manage and operate these assets should first be established. For example, the people as owners of the state assets can empower state-owned investment companies, large enterprise groups and companies which directly

operate state-owned assets or act as holding companies for these assets, to buy and sell state-owned shares in all the operating enterprises, to serve as shareholders or to hold major stakes in such companies.

The third level involves the installation of management entities or representatives for state-owned assets in all productive enterprises. The rules and regulations which apply to productive enterprises are different, and the organization of and management methods for state-owned assets are not uniformly the same in all enterprises. For state-owned enterprises which have not been privatized, their management will be handled either by an organization which supervises state-owned assets or the board of directors in the enterprise; for companies with sole-source capital investment from the government, internal management of the state assets will be the responsibility of the board of directors or overseers; for companies in which some shares or major stakes are held by the government, internal management of the state assets will be the responsibility of a member of the board of directors appointed by and representing the responsible government department.

Second, the need to reduce the social and financial burdens on enterprises.

Excessive debt burdens on enterprises have become a major problem in the context of establishing a modern enterprise system and reorganizing or privatizing state-owned enterprises. Just as the problem of debt burdens was created by multiple causes, so different methods should be used to adjust and regulate the debt structure of enterprise. With respect to the hidden losses uncovered by going through all the accounts to arrive at the core asset value, the fixed assets of enterprise created through objective factors, the losses in liquid assets or special category of assets, the non-performing loans or defaults sustained on grounds of government policy or due to uncontrollable factors, the government will be responsible for dealing with such losses, whether on the enterprise books or in their fixed assets, by providing loans in the form of investment or diverting infrastructure construction funds as loans for key construction projects and, subject to review and supervision by concerned departments, the various methods to be used include writing off public debts and equity losses of the enterprise, canceling non-performing loans from loan reserves accounts of banks, stopping interest payments on outstanding loans, etc. With respect to historic debt burdens of enterprises created by conversion of [government] loans into investments and from loans granted to set up infrastructure construction capital funds, support will be given to enterprises which conform to the government enterprise policy and which require major assistance, and this will take the form of converting a portion of the outstanding loans into government capital investments on a one-time basis. As for enterprises without [the necessary] capital or with below the legally required capitalization, upon certification by

concerned departments, they will be eligible for government investment and the [additional] funds will be considered as state-owned capital. Regarding debts of non-financial organizations, these debts may be converted into shares with agreement of the debtors.

At this juncture, many state-owned enterprises have excessively heavy social responsibilities and are organizationally overstaffed, operating with surplus personnel and low productivity, low margin of profit and low return on equity. Unless such a situation is corrected, too much capital will be tied up in non-productive operations when a shareholding system is put in place. Given the low per-share return, equity investment naturally declines. To address the issue of excessively heavy social burden placed on enterprises, two approaches may be considered: one is to "revitalize the core functions [of an enterprise] by "getting out of the predicament [of social responsibility] like a cicada shedding its shell," i.e. by privatizing the enterprise core functions, either totally or in parts, and turning these into a new corporate enterprise, while retaining the original enterprise and its departments performing social functions will in effect become shareholders in the newly established shareholding enterprise and they can, through step-by-step reorganization, turn themselves into a controlling or holding company. The other approach is "keeping the core functions while spinning off supporting and subsidiary functions," i.e. in the course of privatizing the enterprise, converting the department charged with taking care of the employees and workers' livelihood or providing other support functions into separate and independent entities, and then turning the core enterprise into a shareholding company. If "divesting or stripping away" [of functions] is done rationally, not just casting them off like getting burdens "off one's back," then both the reorganized company and the spun-off subsidiary departments will have the chance to develop.

Workers Await Benefits of New Labor Law

HK1201062695 Hong Kong SOUTH CHINA
MORNING POST in English 12 Jan 95 p 11

[By Dede Nickerson in Beijing]

[FBIS Transcribed Text] Beijing's propaganda machine has kicked into high gear to publicise the new National Labour Law. Copies of the law are being distributed in the workplace, hotlines have been established in Beijing and Shanghai, television programmes extol the new law and numerous editorials have appeared.

But experts claim that while the Labour Law is a positive step, it will be some time before results will be seen and workers are already questioning the law's effectiveness.

The Government clearly recognises the need to allow inefficient enterprises to go bankrupt, but has grave concerns about the possible social repercussions. The new law, which came into effect on January 1, gives workers fairly substantial protection.

China's most renowned labour activist Han Dong-fang said "the new law is a step in the right direction and has good points," but pointed out that it still did not allow workers to strike.

The law itself is modelled on the conventions of the International Labour Organisation (ILO) and covers promotions, labour contracts, working hours protection for female and juvenile workers, wages, social insurance and welfare and labour disputes among other issues.

However, the law fails to mention collective bargaining, the most common way to settle labour dispute in other countries.

According to the Director of the ILO in China, Jean-Victor Gruat, "the Chinese Labour Law covers the basic provisions found in any decent labour law. However, it will take three to five years before the sufficient supplementary regulations necessary for proper implementation are ready."

Despite the authorities' efforts to publicise the law, workers in Beijing remain somewhat sceptical about its effectiveness.

"The law is practical and looks good on paper, but what's important is how it's put into practice. The law seems to protect workers, but if a state-owned company goes bankrupt, who's to say what will really happen?" said the manager of a Beijing department store who requested anonymity.

On the newly established hotlines, callers asked questions about rights and obligations, ranging holiday pay to compensation for redundancy. One pregnant caller wanted to know if she would be fired automatically as a result of her condition.

Most notable changes under the new law include a worker's right to choose their [as published] job, the development of social insurance, mandatory vocational training, a notice period for sacking and the settlement of disputes through arbitration.

"Many of these ideas are very new to us, we don't know exactly what they mean," said a Beijing factory worker.

Mr Gruat points out that at this stage, reality does not yet correspond to the law, particularly in the areas of freedom to choose work and a set minimum wage.

Recently, the Government has made a push to establish minimum wages throughout the country, but many provinces and cities failed to meet the January 1 deadline. In Beijing, the minimum wage is 210 yuan (HK\$193) per month.

A major area of concern is enforcement at local level [as published]. While the efforts of the All China Federation of Trade Unions and the Ministry of Labour are very strong in Beijing, their ability to ensure local unions and labour bureaus comply with the new law is limited.

"Decision-making power is highly centralised and doesn't reach the local levels. There's no chain of command between the Ministry of Labour and local labour authorities," said Mr Gruat. This means rural and township enterprises as well as smaller joint-ventures are likely to escape compliance for some time.

Mr Gruat points out that this is a pity as conditions in rural and township enterprises and some of the smaller joint ventures are among the worst in China. The large state enterprises and major foreign companies operating in China are not problem areas.

Over the course of the next few years Chinese authorities will have to make difficult choices between enterprise efficiency and social stability.

Growing income disparities between urban and rural workers could also prompt unrest.

Nov Gross Industrial Output Value

HK2712104094 Beijing CEI Database in English 27 Dec 94

[FBIS Transcribed Text] Beijing (CEIS)—Following is a list showing China's total industrial output value in November 1994, released by the State Statistical Bureau:

	(in 100 million yuan)	
	11/94	11/93
Total	3973.17	3101.3
Including:		
Light ind.	1961.65	1495.7
Heavy ind.	2011.52	1605.6
State firms	1671.64	1564.5
Collectively owned firms	1602.07	1168.7
Others	699.46	368.1

Note: The industrial output value is measured in 1990s constant yuan.

Bureau Releases Nov Textiles Output Figures

HK2812120:94 Beijing CEI Database in English 28
Dec 94

[FBIS Transcribed Text] Beijing (CEIS)—Following is a list of the output of textiles in November 1994, released by the State Statistical Bureau:

Item	Unit	11/94	11/93
Yarn	10,000t	33.79	39.61
Yarn	10,000pc	188.04	220
Cloth	100m.m	16.26	15.10
Of: Pure cotton	100m.m	8.87	8.94
Chemical fiber	100m.m	5.17	4.28
Silk	10,000t	0.83	0.85
Silk fabric	100m.m	2.80	2.72
Woolen fabric	10,000m	2624.92	2659
Knitting wool	10,000t	2.90	2.46
Garment	100m.pc	3.94	3.02

Note: t—ton, pc—piece, m.m—million meter, m.pc—million piece

Posts, Telecommunications Volume Up 50% in '94

OW1201111495 Beijing XINHUA in English 0952
GMT 12 Jan 95

[FBIS Transcribed Text] Beijing, January 12 (XINHUA)—In 1994 China's posts and telecommunications industry recorded a total business volume of 69.3 billion yuan, up 52 percent from that of the previous year.

Wu Jichuan, Chinese minister of posts and telecommunications, told a national picturephone conference today that new telephone subscribers exceeded 10 million for the first time last year to reach 10.83 million, including 930,000 mobile phone subscribers, of which 7.93 million or some 80 percent are residential telephones.

To date, China has 39 million telephone subscribers, of whom 1.57 million own mobile telephones. Today, for each 100 Chinese residents there are 3.2 telephones, while in urban areas the figure is 13 percent. [sentence as received]

Wu said that traditional postal business also maintained a steady development last year. Emergency mail service enjoyed an increase of 84 percent in business volume, while postal savings deposits reached 99 billion yuan.

He said that this year business volume will maintain a development pace of about 40 percent, probably exceeding 100 billion yuan. In addition, there will be 12 million new telephone subscribers, including 1.5 million mobile telephone clients.

By the end of this year there will be 4.2 telephones for every 100 Chinese, and the figure for urban areas will rise to 17 percent. [sentence as received]

Finance & Banking

Two Firms Fined for Stock Market Manipulation

OW1101145995 Beijing XINHUA in English 1402
GMT 11 Jan 95

[FBIS Transcribed Text] Beijing, January 11 (XINHUA)—China's watchdog organization, the China Securities Regulatory Commission (CSRC), today severely punished two firms for manipulating stocks and for violation of regulations.

The Shandong Bohai Group Ltd and the business department of the Shenzhen Development Center of Junan Securities were fined one million yuan (about 118,000 U.S. dollars) each, and illegal profits of 5.87 million yuan and 2.38 million yuan were confiscated.

A CSRC spokesman said that an investigation showed that the Shandong company repeatedly bought and sold its own shares in large quantities at the Shanghai Stock Exchange on August 1, 1994, artificially making the day's closing price 102 percent higher than on the previous day.

The company then turned around and sold all its shares for that month, realizing a tidy profit of 5.87 million yuan.

The investigation also showed that the Shenzhen business department manipulated the price of 'A' shares of "Xia-haifa" at the Shenzhen Stock Exchange on October 18 of last year, driving the day's closing price up 157 percent higher than the previous day's.

The next day the department sold the shares, netting 2.38 million yuan in illegal earnings.

The spokesman said that the Shandong company and the Shenzhen department were given a warning. Li Gang and Wang Danyang, who are held directly responsible for the two cases, were fined 50,000 yuan and 30,000 yuan, respectively.

He said that CSRC will take new and more effective measures to improve supervision this year, so as to promote the healthy development of China's stock market.

Banking Reform Achieves 'Positive Results'

OW1201115395 Beijing XINHUA Domestic Service in
Chinese 0704 GMT 3 Jan 95

[By reporter Ding Jianming (0002 1017 6900)]

[FBIS Translated Text] Beijing, 3 Jan (XINHUA)—China achieved positive results in reforming its banking structure in 1994. The financial situation was stable, loans were effectively controlled, no additional amount of currency was issued, and order in the financial market was notably improved.

China promulgated a series of reform measures in the banking area in 1994. The goal was: To establish a macro-economic regulation and control system under which the central bank implements monetary policies independently;

to establish a banking structure that embraces diverse banking institutions with state-owned commercial banks serving as the mainstay and under which banking related to policy implementation is separated from banking serving commercial purposes; to establish an open, integrated, and strictly managed financial market system in which competition is carried out in an orderly way; and, at the same time, to make the People's Bank of China the true central bank and specialized banks true commercial banks. After a year of implementation and operation, these reform measures have produced positive results, which are manifested prominently in the following areas:

In the area of bringing into play its role of macroeconomic regulation and control, the central bank has further clarified its currency stabilization policy and has carried out macroeconomic regulation and control with this goal in mind. In specific policy implementation, the central bank began to gradually change its method of regulating and controlling specialized and commercial banks from one of regulating the amount of loans to one of regulating ratios between assets and debts with ceilings on loans. At the same time, it strengthened its monitoring and control. Last year, the central bank promulgated a series of regulations and measures. The laws governing the People's Bank of China and commercial banks have been submitted to the National People's Congress [NPC] Standing Committee for deliberation and approval. This was another step forward in the march toward placing China's financial institutions and market on a legal basis for orderly competition. Last year, China implemented a system of unlimited budget [quan e yu suan zhi 0356 7345 0056 4615 0455] for the central bank, thereby stripping it of its profit motive and enabling it to carry out macroeconomic regulation and control more in the interests of society.

In the area of reforming the banking structure, a breakthrough has been achieved in separating banking related to policy implementation and commercial banking. The three banks for policy implementation have all been established in accordance with the State Council decision: The national development bank was established in April, the China Import and Export Bank in July, and the Agricultural Development Bank in November. These policy implementation banks played a positive role in ensuring funds for the country's key construction projects and for the procurement of agricultural and sideline products and in supporting China's export of complete sets of large equipment. It has been learned that last year's fund availability rate for the country's key construction projects reached 100 percent, the best ever. Also, there were no "IOU's" issued in the procurement of agricultural and sideline products. The establishment of separate policy implementation banks has created conditions for specialized banks to transform themselves into commercial banks. Various banks have strengthened internal management and have gradually implemented risk management as well as management based on ratios between assets and debts in accordance with the international practice of commercial banks.

To prevent the issuance of currency from exceeding the set target, beginning last year, China adopted the method of covering its budgetary deficit mainly through the issuance of treasury bonds instead of overdrawing from the People's Bank of China. In line with this change, the nation's financial institutions issued nearly 100 billion yuan of treasury bonds for the state in a single year, and this has ensured the smooth implementation of macroeconomic reform measures. At the same time, the central bank also adopted a series of measures and enacted a series of laws and regulations to improve the stock and treasury bond markets and stop indiscriminate notes discounting, borrowing, fund raising, and financing. As a result, borrowing and fund raising in violation of law and regulations were checked.

Bank Official Says Shanghai Welcomes Foreign Banks

OW1101064595 Beijing XINHUA in English 0636 GMT 11 Jan 95

[FBIS Transcribed Text] Shanghai, January 11 (XINHUA)—This, the largest city in China is to allow more foreign financial institutions from more countries and regions to get directly involved locally, a senior banker said here Tuesday [10 January].

Lin Yuli, deputy president of the Shanghai branch of the People's Bank of China, explained that the institutions may include those of the nature of investment banks and intermediate financial agencies.

He also noted that, if sanctioned by the central authorities, Shanghai is eager to see foreign banks conduct business in Chinese currency on an experimental basis this year.

"A complete set of management regulations and an advanced financial data network must be established, so as to make Shanghai an integral part of international economy and finance," Lin said.

He pointed out that Shanghai has made great achievements in turning itself into an economic and financial hub in the Asia-Pacific region.

According to him, 17 of the top 50 overseas banks had a presence here by the end of 1994.

He said that the value of the banks' assets and their credits account for more than 40 percent of those of all foreign banks in China.

Their combined credits and deposits are about 36 percent and 16 percent, respectively, of those of Chinese banks in this metropolis, Lin added.

"The foreign banks have become a major force in Shanghai's financial sector," he said.

By the end of December last year Shanghai had given approval to 33 foreign financial institutions to set up

business agencies, including 27 branch banks, one joint-venture bank, three financial firms and two insurance companies.

There were also 87 representative offices of foreign financial institutions, with half of them specializing in banking and the others engaged in such sectors as stocks, insurance, credit cards, research and related services.

Some 80 percent of the offices have been opened by the top 50 foreign banks, which are headquartered in 12 countries and regions, Lin said.

Statistics show that the assets of the 33 foreign financial institutions grew by 92 percent from 1993 to 1994. Their deposits and credits increased by 52 percent and 129 percent, respectively.

Just two years into their operations, 18 of them made profits last year, the deputy president said.

"The foreign institutions have done more than pump a large amount of capital into Shanghai," Lin said. "They have prompted the local financial sector to improve its services and bolstered Shanghai's efforts to get financial business activities here into line with international standards."

As an example, he cited the fact that last year the foreign and Chinese institutions formed a consortium which provided 350 million U.S. dollars in loans to ten large projects in the city's Pudong New Area.

Shanghai To Open Yuan Business to Foreign Banks

HK1101154795 Beijing ZHONGGUO XINWEN SHE in English 1359 GMT 11 Jan 95

[FBIS Transcribed Text] Shanghai, January 11 (CNS)—Shanghai will gradually allow foreign-funded banks to run RMB (renminbi) business. It is quite possible that foreign-funded banks in the city will be authorized to cover RMB business within this year.

Following the success in reforming foreign exchange systems, it is almost the right time for foreign-funded banks to provide business in Renminbi, said a leader of the Shanghai Branch of the People's Bank of China. The Branch will take an active attitude in promoting the development of RMB business by foreign-funded banks in a step-by-step and limited way. As a domestically-funded body, the Branch should get ready for this change, further strengthen its ability in handling both local and foreign currencies' business and offer more quality service for the public.

Shanghai has so far 120 foreign-funded financial institutions in total. Of which 33 are operational ones and 29 of them have started their business. Both deposit and credit business of foreign-funded banks in Shanghai have seen a quick development, which account for 16 percent and 35 percent respectively of the city's totals of foreign exchange deposit and credit.

Foreign Trade & Investment

Trade War Could Cost Guangdong \$2 Billion

HK1201062895 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 12 Jan 95 p 5

[By Rowena Tsang]

[FBIS Transcribed Text] Guangdong foreign trade worth US\$2 billion would be in jeopardy should a trade war break out between China and the United States, the province's major trading partner, says a Guangdong official.

Last year, total imports, excluding raw materials, were worth \$32.5 billion, with exports reaching \$47.5 billion. Shoe exports alone were valued at \$2 billion. Thirty million pairs worth \$100 million to \$200 million went to the US. Garment exports, including entrepot trade, were valued at \$4 billion, with 20 per cent shipped to the US. Toy exports were set at \$1 billion and again 20 per cent were for the US, said Xu Dehi, director general of the Commission of Foreign Economic Relations and Trade for Guangdong.

"It will benefit no one if a trade war breaks out between the US and China as trade between the two countries is now complimentary." [as published]

Commission vice-chairman Huang Zhiwei said Guangdong had made a major effort to crack down on factories involved in making counterfeit products.

"We admit that it is a serious problem, but it is mainly foreign-invested companies involved, especially the processing industry."

Meanwhile, preliminary work on bidding for the new Guangzhou international airport has been completed with more than 20 enterprises showing interest, Mr Huang said. These included US, German, Japanese, Malaysian, Indonesian and Singaporean groups.

Guangdong Clamps Down on Audio-Video Piracy

HK1201031595 Hong Kong HSIN WAN PAO in Chinese 11 Jan 95 p 2

["Special dispatch" from Guangdong by trainee reporter Su Peng (5685 7720): "Various Cities and Towns in Guangdong Take Joint Action Against Piracy"]

[FBIS Translated Text] Guangzhou, 11 Jan (HSIN WAN BAO)—Recently, various localities in Guangdong vigorously organized forces for an exclusive campaign against audio-video product-related piracy.

A few days ago the State Council issued an "Urgent Circular Concerning Strengthening Protection of Intellectual Property Rights and Prosecution of Piracy." Since then Guangzhou, Zhuhai, Zhanjiang, Shantou, and Huizhou have taken action against piracy. Guangzhou police searched the Xichang Electrical Appliances City in

Liwan District, and the stalls in the Youth Cultural Palace which were selling pirated compact discs (CD) and laser discs (LD), seizing and sealing up 5,100 and 150 CD's respectively, and seizing 1,000 pirated audio tapes. Shantou police searched the Electrical Appliances City in the urban area and key markets under Shantou City's jurisdiction yesterday afternoon, seizing 3,300 pirated CD's. Police in the cities of Nanao and Chaoyang also carried out surprise inspections of local shops selling pirated audio-visual products. Zhanjiang police searched some bookstores and markets selling audio-visual products, seizing 2,000 CD's. Huizhou City's joint inspection team took action along four routes, searching a total of 70 shops, seizing 1,000 pirated CD's, 12 LD's, and 72 audio tapes. Zhuhai police also carried a major haul, having seized 25,000 pirated CD's and 1,500 pirated videotapes since the fourth quarter of last year.

Guangzhou Reports 40% Increase in Foreign Capital

HK1001144395 Beijing ZHONGGUO XINWEN SHE
in English 1214 GMT 10 Jan 95

[FBIS Transcribed Text] Guangzhou, January 10 (CNS)—Guangzhou drew in foreign capital of more than US\$2.05 billion last year, a gain of over 40 percent when compared with the previous year. There were 3,000 contracts newly signed by the municipality last year to introduce foreign capital, registering an increase of over 14 percent over 1993.

The economic white paper issued by the Guangzhou municipal government revealed that it was an historical high, following a 100 percent gain of introduction of foreign capital in 1993 when compared with 1992.

Capital of US\$1.85 billion out of the total brought in last year was direct investment by foreign businessmen, 44 percent up over the previous year. It mainly went to basic traffic facilities and real estate. There was also foreign loans valued at some US\$200 million, a rise of 42 percent over 1993.

Statistics showed that the number of countries and regions making investment in Guangzhou grew from 20 in 1993 to 23 last year which placed direct investment in the municipality. Great progress was seen in attracting multinational companies and large enterprises overseas, including GE Company of the United States and Hutchison Whampoa Ltd. as well as Cheung Kong (Holdings) Ltd. of Hong Kong. They came one after the other to Guangzhou to hold negotiations on possible joint ventures, establishment of offices or companies, preparing for long-term investment.

Apart from such popular investment item as real estate, a breakthrough was also made in introducing foreign capital into the commercial market and into tourism here. Foreign capital is being used to build up a tourist network with the Nanhui State Tourist and Resort Centre as its centre linked with 23 new scenic spots in Fanyu, Zengcheng, Conghua and Huadu.

Utilization of foreign capital was extended on a trial basis to other sectors such as sports, trade, service and consultation last year.

Guangdong's Exports Grow in 1994

HK1201031395 Guangzhou Guangdong People's Radio
Network in Mandarin 1000 GMT 8 Jan 95

[FBIS Translated Text] Yesterday, the provincial foreign trade and economic cooperation commission released information indicating that Guangdong's exports last year amounted to \$46 billion, 40 percent of the country's total export volume, and an increase of 70 percent over the previous year. The proportion of its export value to its gross output value rose from 38 percent in the previous year to 40 percent. The province utilized \$11.5 billion in foreign capital last year, an increase of 20 percent over the previous year. These figures suggest significant development in Guangdong's export-oriented economy last year, and its closer relations with the world economy.

Shanghai Customs Reports 'New High' in Foreign Trade

HK1001133495 Beijing ZHONGGUO XINWEN SHE
in English 1128 GMT 10 Jan 95

[FBIS Transcribed Text] Shanghai, January 10 (CNS)—In 1994, Shanghai saw its total value of export and import reach US\$36 billion, creating a new high. Annual export value exceeded that in import for the first time, reversing many years' adverse balance of trade.

According to the customs, US\$18.9 billion was earned from export in Shanghai in 1994, an increase of 35 percent over the same period of the year before, while import value of US\$17.3 billion was gained, a rise of 2.1 percent than the same period of the year before. A favorable balance of trade of US\$1.6 billion was achieved and many years' adverse balance of trade came to an end.

While import growth was slowing down, some export commodities increased to a great extent. Clothing and its attachment, textile products and shoes each increased by over 20 percent. Container export also grew to US\$220 million, an increase by 200 percent compared with the same period of the year before.

Foreign Funds Pour Into Shanghai's Textile Industry

OW1201035395 Beijing XINHUA in English 0333
GMT 12 Jan 95

[FBIS Transcribed Text] Shanghai, January 12 (XINHUA)—Investment from foreign partners surpassed for the first time that of Chinese partners in the joint ventures in this municipality's textile industry, according to the latest statistics from the Shanghai Textile Industry Bureau.

In 1994 the city approved the setting up of 50 foreign-funded enterprises, with a total investment of 295 million U.S. dollars. Foreign investors directly invested 93 million

U.S. dollars, a record for the past few years and surpassing investment by Chinese investors for the first time.

To date, almost all the 18 corporations in the municipality's textiles sector have set up joint ventures. The 132 joint ventures that have gone into operation have a combined staff of 25,400, about six percent of the sector's total. However, they produce 30.9 percent of the sector's foreign currency earnings and 59.3 percent of the total profits.

To promote the industry, the bureau has collected information about the world's 500 largest enterprises and 300 textile enterprises and selected co-operative partners from among them.

The majority of the joint ventures are doing well, local officials said.

Pudong Produces One-Fifth of Shanghai Exports in 1994

OW1201102395 Beijing XINHUA in English 0902 GMT 12 Jan 95

[FBIS Transcribed Text] Shanghai, January 12 (XINHUA)—Exports from Pudong, a new industrial area in Shanghai, reached 1.8 billion U.S. dollars-worth in 1994, an 80-percent jump over the previous year.

The figure accounts for one fifth of the total exports of Shanghai, China's largest metropolis, as compared with only one percent in 1992, a trade official said.

The mainstay of the local export-oriented economy is the over 160 Pudong-based foreign trade companies run by the central and local governments, which generated 1.04 billion U.S. dollars-worth of exports last year. Major export products include textiles, machinery, and electrical, metallurgical, medicinal and chemical products.

Over 2,600 local businesses involving overseas investment constitute another major part of the export business, with a number of enterprises exporting 20 million U.S. dollars-worth of goods each.

A growing number of local enterprises have acquired the right to handle exports by themselves in recent years, making a new force in exports.

Sichuan Minority Areas Profit From Electronics Industry

OW1101162695 Beijing XINHUA in English 1612 GMT 11 Jan 95

[FBIS Transcribed Text] Chengdu, January 11 (XINHUA)—Ethnic minorities in northwest China's Sichuan Province are now benefiting from the new electronics industry thanks to adjustments in the industrial structure.

Making use of abundant coal and iron ore resources, the Tibetan Autonomous Prefecture of Aba on the northwest Sichuan plateau has worked hard over the past few years to develop products in electronics, particularly magnetic materials, as a pillar industry.

Upgraded assembly lines for producing permanent magnetic materials have been installed in the prefecture and a magnetic material production center has been set up using the prefecture's existing magnetic materials, iron, and iron ore plants.

The prefecture exports 90 percent of its permanent magnetic products to overseas countries and regions including the Netherlands, the United States, Japan, and Hong Kong.

The Chuanxi Permanent Magnetic Materials Plant turned out 800 tons of high-grade magnetic materials with a gross profit of 1.4 million yuan last year, twice that of 1992.

A workshop in the prefecture's iron factory produced 600 tons of upgraded magnetic materials in 1994, and it will supply the U.S. Market for 10 years according to a signed contract.

Agriculture

Chen Junsheng Addresses Agricultural Work Conference

OW1201052395 Beijing XINHUA Domestic Service in Chinese 1137 GMT 10 Jan 95

[By reporters Wang Yanbin (3769 6066 1755) and Pu Liye (5543 4539 2814)]

[FBIS Translated Text] Beijing, 10 Jan (XINHUA)—A national conference on agricultural work held here today put forward the proposal: In China's rural economic work this year, it is necessary to focus on the two big objectives of ensuring the supply of essential agricultural and sideline products and of steadily increasing the income of the peasants; to give priority to grain and cotton production, vegetable production, and village and town enterprises; to do everything possible to strive for a rich agricultural harvest; and to develop the rural economy in an all-around way. The concrete objectives are as follows: the planting acreage for grain should be stabilized at 1.65 billion mu, and efforts will be made to increase the total output to 910 billion jin; efforts will be made to restore the planting acreage for cotton to 90 million mu and to increase the total output to 90 million dan; there will be a substantial increase in the output of oil- and sugar-bearing crops, meats, and aquatic products; there will be a sizable increase in capita income for the peasants.

The topic of the national conference is implementing the guidelines of the central economic conference and studying and arranging the development targets, work priorities, and main measures for this year's rural economy. State Councillor Chen Junsheng attended and addressed the conference on agricultural work. He said: Despite serious natural disasters last year, China was able to reap a bumper agricultural harvest and score good results in developing the rural economy. This is mainly because party committees and governments at all levels earnestly implemented the correct policy decisions of the

party central committee and because the masses of cadres on the agricultural front worked very hard and made contributions to the development of agriculture and the rural economy. On behalf of the State Council, Chen Junsheng extended the most sincere regards and gratitude to the masses of cadres, staff members, and workers on the agricultural front. He also encouraged them to work hard and achieve greater results in steadily increasing the supply of essential farm and sideline products and steadily increasing the income of the peasants in the new year.

Chen Junsheng stressed: The development of China's agriculture and rural economy is faced with two major strategic tasks by the end of this century: one is increasing farm output to ensure the supply of essential products; second is increasing the income of the peasants to achieve a comfortable standard of living. As these are extremely difficult tasks, all sectors are required to work very hard. At present, there are problems in China's agriculture and rural economy that should not be ignored. Unless these problems are solved, it will be difficult for agriculture and the rural economy to develop at a quick pace. Moreover, the problems may trigger a series of contradictions and more problems. We must never take them lightly.

At the conference, Agriculture Minister Liu Jiang gave a report entitled "Know the Situation and Tasks and Strive To Increase the Supply of Essential Farm and Sideline Products and Peasants' Income." Talking about the three priorities for rural economic work this year, he stressed: First, it is necessary to steadily increase the total output of grain and cotton. The guiding principle for grain production this year is restoring planting acreage, optimizing the agricultural structure, and focusing on per-unit yields to increase total output. In crop structure, efforts should be made to give priority to corn and paddy rice and to stabilize the output of wheat. In regional distribution, efforts should be made to increase output in the eastern region, tackle problems in the central region, and develop the western region. In cotton production, it is necessary to restore planting acreage, to rely on science and technology, to increase per-unit yields, and to raise efficiency. Second, it is necessary to concentrate on vegetable production. In animal husbandry this year, the key is to grasp the production of live hogs, pay special attention to the three important links—the supply of feed, the control of diseases, and the breeding of fine strains—stabilize production in households, expand the scale of business operation, and prevent massive fluctuations in production. Third, it is necessary to promote the high-efficiency, sustained, rapid, and healthy development of village and town enterprises. It is necessary to successfully carry out the "East and West Cooperation Demonstration Project" and strive to make substantial breakthroughs in small demonstration zones, demonstration items, and cooperation contents.

Liu Jiang urged all areas to do the following tasks well to fulfill all the targets of economic development in the rural areas this year: 1) Effectively deepening reform, opening wider to the outside world, and protecting and bringing into play the peasants' initiative. 2) Effectively increasing

agricultural input to raise agriculture's overall production capacity. 3) Effectively strengthening the protection of capital farmland and the environment and striving to increase the planting acreage of grain and cotton. 4) Effectively relying on science and education to invigorate agriculture and raise the technological level of the rural economy. 5) Doing everything possible to stabilize and strengthen the building of grass-roots organizations and their personnel responsible for work in the field of agriculture, as well as the building of agricultural technology popularization agencies.

Minister Interviewed on Agriculture Work

OW1201020895 Beijing Central People's Radio
Network in Mandarin 2230 GMT 2 Jan 95

[Interview with Minister of Agriculture Liu Jiang by station reporter Ji Shuchun; from the "News and Press Review" program; place and date not given]

[FBIS Translated Text] Listeners: The central authorities held an economic work conference recently. The conference clearly and definitely set the economic tasks for 1995, and put the stress of this year's economic work on the development of agriculture. It emphasized the necessity of paying attention to the production of grain and non-staple food, increasing agricultural investment, ensuring the supply of essential agricultural products, and steadily increasing peasants' income. These are important party Central Committee policies for attaching importance to and stepping up agricultural production. At the beginning of the year, our station reporter (Ji Shuchun) interviewed Minister of Agriculture Liu Jiang:

[Begin Liu recording] The Ministry of Agriculture, as the functional department in charge of rural economic work, is determined to seriously implement the guidelines of the central economic work conference; to work with agricultural departments at various levels; rely firmly on the millions upon millions of peasants; provide good services to peasants; make this year's agricultural harvests better than before; bring about faster development of the rural economy; and greatly increase peasants' income. The overall situation of our agriculture and rural economy was good in the past year. Despite serious natural disasters and reduced crop area, our grain production was the second highest in history, cotton output increased by more than 10 million dan after two consecutive years of decreased production, a bumper harvest of oil-bearing crops was reaped, and the output of vegetables and other non-staple food also increased as compared with the preceding year. Village and town enterprises registered fairly large increases in sales income and in profit delivery and tax payments to the state. The net per-capita income among peasants in the past year is expected to show a larger increase than preceding years. We also see soberly that agriculture still has many problems. This is the last year of the Eighth Five-Year Plan, as well as a year in which we should lay a foundation for the Ninth Five-Year Plan. In accordance with the guidelines of the national central

economic work conference, the Ministry of Agriculture has decided to give high priority in this year's work to fulfilling the targets of the Eighth Five-Year Plan in an all-around way, focusing on two major targets—ensuring an increased supply of agricultural products and an increase in peasants' income. This year, we should particularly pay attention to three major tasks—grain production, vegetable and other non-staple food production, and village and town enterprises—and develop the rural economy in an all-around way. We should earnestly deepen rural reform, increase agricultural investment, protect basic cropland, advance agriculture through the application of science and technology, strengthen leadership over rural economic work, and make contributions to the general situation of reform, development, and stability. [end recording]

Guangdong Governor on Agriculture, Rural Economy

HK1201064995 Guangzhou Guangdong People's Radio Network in Mandarin 1000 GMT 5 Jan 95

[FBIS Translated Text] At today's provincial work conference on agriculture and the rural economy, Governor Zhu Senlin said: Curbing inflation and controlling prices is the primary task in macroeconomic regulation and control, and is also an important measure for guaranteeing the supply of grain and foodstuffs, and for keeping prices from increasing too rapidly.

Zhu Senlin said: In the last two years, farm produce prices rose too rapidly. The insufficient supply of farm produce was a major reason for these price hikes. Zhu Senlin stressed: In the next five years, Guangdong's total grain output should increase by 500 million kg every year, and should reach 20 billion kg by the year 2000. He also stressed the need to raise Guangdong's rate of self-sufficiency with regard to meat and eggs. Large and medium-sized cities, as well as major towns, all should set up their own bases for the production of meat and vegetables. The production of poultry and aquatic products also should be planned concretely, with total output raised and quality improved.

Zhu Senlin pointed out: This year's economic work should give prominence to efficiency. In the field of agriculture, efforts should be made to develop high-yield, high-efficiency, and high-income agricultural projects, and the scale of operation should be expanded to an appropriate degree. The rural economy should be gradually industrialized.

Zhu Senlin said: Guangdong has confidence in developing agricultural production, as well as the ability to do so, and it will raise the comprehensive agricultural level to an advanced position in the whole country.

*Report on Setting Up Agricultural Areas

95CE0137A Beijing ZHONGHUA RENMIN GONGHEGUO GUOWUYUAN GONGBAO [PRC STATE COUNCIL BULLETIN] in Chinese No 14, 14 Jul 94 pp 567,571

["Report on Establishing High-Yield, High-Grade and High-Efficiency Agricultural Demonstration Zones and

Supporting Economic Development of Major Grain-Cotton Producing Counties" Submitted by the State Planning Commission]

[FBIS Translated Text] To the State Council:

In order to better support rural economic development of major grain-cotton producing areas in accordance with the directive, "Policy Measures Approved by the State Council and Party Central Committee Concerning Current Agricultural and Rural Economic Developments" (Central Document No. 11-1993), this Commission and relevant departments in the Agricultural, Forestry, Water Conservancy and Commerce Ministries, the People's Bank of China [PBOC] and Agricultural Bank of China [ABOC], have thoroughly studied and analyzed the issues of establishing high-yield, high-grade and high-efficiency agricultural demonstration zones [ADZ] and supporting rural economic development of major grain-cotton producing counties, and hereby propose a number of concrete measures for implementation. The following is a report of our views and recommendations:

I. Recommendation with respect to establishing high-yield, high-grade and high-efficiency ADZ's:

That for five consecutive years beginning in 1994, the government arrange to provide annually specialized loans totalling 1 billion yuan to establish in different regions a series of the above-described ADZ's which also reflect special characteristics of the various counties.

A. Basic Conceptual Framework

In order to guide and promote the development of high-yield, high-grade and high-efficiency agriculture needed in market-oriented economic development in rural areas, we should fully exploit the resources and economic advantages of each area and improve the structural linkage of agricultural production and rural enterprises. In order to carry out comprehensive inputs of science and technology, capital, and material resources essential to production based on economic benefits and geared to the market, we should promote in-depth development of agricultural products in terms of variety and quality. In order to promote commercialization of products and systematization of services in the ADZ's, we should first unify the main economic components of production, processing, warehousing and sales; and to demonstrate the value of developing high-yield, high-grade and high-efficiency agriculture, we should energize the thousands and tens of thousands households [in each ADZ] to develop production and enter into the market through a unified operating mechanism for commerce-industry-and-agriculture.

B. Principles and Conditions for Selective Establishment of ADZ's

In principle, one ADZ should be established in each province (region, municipality); cities which meet the conditions of the plan may also be considered. The scope of an ADZ may include an entire county but it may also encompass an area which cuts across county lines.

The basic conditions for establishing the type of ADZ described are:

1. Commercialization of agricultural production and specialization to a sufficiently advanced state so they can create and support a relatively large-scale commercial market.
2. Relatively good rural economic conditions, with relatively complete agricultural infrastructure and technical facilities, and relatively strong comprehensive agricultural production capabilities including processing of sideline products.
3. Central geographic location which can serve as a demonstration model for other areas.
4. Strong local leadership support, strong scientific and technological capabilities, and relatively high cultural standards among the farmers.
5. Relatively good external environmental factors such as water and energy sources, transportation, transport and communications, etc.

C. Types and Locations of ADZ's

Based on the above conditions for establishing ADZ's, it is proposed that several types of ADZ's be selectively established in different regions of China as follows:

1. Externally-oriented ADZ's: These are oriented toward the world market, and geared mainly to produce foreign-exchange earning agricultural export products. They should be located mainly in the coastal areas of Huanghai, the Changjiang Delta, the Zhujiang Delta, southern Fujian and other coastal provinces (regions, municipalities).
2. Suburban ADZ's: These are geared toward improving the food and nutrition structure of urban residents, elevating their standard of living and providing quality agricultural sideline products. They should be located in the suburbs of major urban centers such as Beijing, Tianjin, Shanghai, etc.
3. Transitional ADZ's: These ADZ's are focused on processing large quantities of agricultural products such as grains and cereals, carrying out transitional and comprehensive utilization [of various agricultural products], and unifying agricultural-industrial-processing productions and operations. They should be located mainly in the plain and hilly regions.
4. High-tech ADZ's: Guided by new and advanced agricultural technologies, these ADZ's are to concentrate on developing agricultural products with relatively high technological contents such as grains and cotton. They should be located in areas with relatively strong S&T [science and technology] capabilities and ready access to the Academy of Agricultural Sciences.
5. ADZ's for Demonstration of Comprehensive Development of Agricultural Resources: Through comprehensive development and utilization of natural resources available to agriculture: these ADZ's are geared to develop the resources for growing grain, fruits and other crops, for raising livestock, and for exploring the unification of

economic, environmental and societal benefits of these operations. These should be located mainly in the mountainous and hilly regions.

6. ADZ's with Special Characteristics: These ADZ's should mainly be established in areas where the basic foundation exists for developing "three-dimensional," ecologically-sound, draught-resistant, water-conserving, or tourist-pleasing agricultural products.

D. Detailed Project Contents and Funding Application Directions:

1. Import fine varieties and breeds to improve [domestic] agricultural, forestry, livestock and fishery industries; promote increased productions by substantial margins; establish the foundation for producing brand-name, high-grade agricultural products.
2. Carry out the transition to agricultural products processing and storage of perishables; establish packaging, transportation and marketing facilities.
3. Develop and popularize advanced technologies for producing, processing and preserving agricultural products.
4. Establish systems of agricultural services and R&D; popularize the establishment of such systems.

E. Procedures for Examining and Approving ADZ's and the Scope of Loans

The feasibility studies and overall ADZ plans, drawn up jointly by the provincial (regional, municipal) planning commission (planning and economic commission) and the agricultural, forestry, water conservancy and other such departments, will determine the sites and contents of the projects in the ADZ's, and estimate the economic benefits, funding requirements and methods for loan repayment involved. These studies and plans, after evaluation by the provincial (regional, municipal) ABOC branches, will be submitted to this Commission by 10 July, 1994, with copies to the Agricultural, Forestry and Water Conservancy Ministries and the ABOC; after review and evaluation by this Commission and the relevant departments of the State Council on the basis of the nation's industrial policy and special production characteristics of the different areas involved, the plans will be referred to the ABOC [headquarters] for final funding determination. The ABOC will advise all agencies of it plan to provide special loans to the various ADZ's. Projects included in this overall plan will be carried out in accordance with prescribed procedures; neither the content nor scope of any project plan can be changed at will.

The period for establishing ADZ's will be five years. The special loans allocated by the government to each provincial ADZ will be limited, on average, to around 25 million yuan each year.

II. Recommendation with respect to supporting rural economic development of major grain and cotton producing counties:

That for five consecutive years beginning in 1994, the government will make available annually special loans totalling 6.5 billion yuan (5 billion yuan to major commercial grain producing counties, 1.5 billion yuan to counties producing high-grade cotton), and provide concrete support to rural economic development of selectively designated major grain and cotton producing counties.

A. Basic Conceptual Framework

On the premise of ensuring stable increases in grain and cotton productions, we should fully develop the resource and economic advantages of major grain-cotton producing areas, stimulate major grain-cotton producing counties to adjust the agricultural enterprise structure, vigorously develop multiple types of operations and processing of agricultural sideline products and move toward linking quantitative increase in production to value transformation of products. Through special loans from the government, we should support the major grain-cotton producing counties to steadily increase their productions, raise the overall rural economic strength, increase the incomes of farmers, and explore various routes to promote rapid growth in the counties and to increase the wealth of residents.

B. Principles for Selecting Major Commercial Grain-Cotton Producing Counties and Key Points of Projects

The government's support to the selected major commercial grain-cotton producing counties will be based on the relative superiority of the counties in producing these commodities in large quantities.

The localities should accurately determine which major grain-cotton producing countries have the potential for breakthrough and rapid growth, select and support projects which enjoy local resource advantage, which can then start off at a relatively high level, and whose products are in market demand and return relatively good economic benefits.

The main contents of the projects include:

1. Develop productions of brand-name and top-grade agricultural, forestry, livestock and fishery products, establish systems for improving the varieties and breeds, and for production, processing, warehousing and transportation.
2. Build the necessary facilities for fodder production and livestock and poultry processing to expand the industries to raise livestock, poultry and fisheries; accelerate the transformation of values of grains and cereals.
3. Develop processing industries which use, as raw materials, cotton products and agricultural sideline products such as edible oils.
4. Build a comprehensive system of farm lands with protective forest belts; develop and expand the facilities for processing forest products and their transportation.
5. Construct water-conserving agriculture and small hydroelectric facilities.

6. Build comprehensive wholesale markets for agricultural sideline products at locations which have the necessary requisites in terms of assembling, transshipping and selling of major agricultural products such as grain and cotton.

7. Build comprehensive systems of services for agriculture prior to, during and following production.

C. Review and Approval of Projects and Funding Arrangements

The list of reclamation areas and major grain-cotton producing counties to receive government support will be drawn up by this Commission in coordination with agriculture and other departments. The ABOC, after evaluating the list in consultation with this Commission, will send the special loans funding plan to the various provincial (regional, municipal) ABOC branches with information copies to the provincial (regional, municipal) planning commissions (planning economic commissions). On the basis of each proposed loan amount, each province (region, municipality) will coordinate with the major grain-cotton counties to prepare feasibility studies and analyses of the various projects on a priority basis; the provincial (regional, municipal) planning commissions (planning economic commissions) in conjunction with agricultural, forestry, water conservancy and such departments, after review and approval, will recommend these plans to the ABOC branch for special loan support and, at the same time, report back to this Commission and the ABOC headquarters with information copies to the agricultural, forestry, water conservancy, grain departments and supply-marketing cooperatives at the local, regional as well as national level. Projects listed in the plan shall be implemented strictly according to their basic construction and related sequence, and neither the content nor scope can be modified or changed at will. The construction of any buildings, purchase of any passenger vehicles and setting up of any non-productive facilities are strictly forbidden. For specific projects that do require modification or change, such projects, after review by the provincial (regional, municipal) ABOC branch, can be replaced by other projects as recommended by the provincial (regional, municipal) planning commission (planning economic commission) in conjunction with agricultural, forestry and other departments on the basis of the overall national plan and industrial policy. It will be necessary to set up a step-by-step system for collecting project data, which the ABOC will use in directing loans to the most worthy projects.

III. Provision and Duration of Loans

Loans provided to ADZ's will carry the interest rate of developmental loans as prescribed by the government; loans provided to major grain-cotton counties should be given a discount by the Treasury, with the specific forms of discount to be determined by the Treasury in concert with other relevant departments. These two types of loans should be limited to 1-3 years, and not extended beyond 5 years. The arrangement of capital and loans for the ADZ's

will be determined by the special characteristics and concrete feasibilities of the projects proposed by the various jurisdictions; the arrangement of capital and loans for the major grain-cotton counties will be linked to the quantity of the commodities produced and the completion of grain-cotton procurement quota. In carrying out various projects using special loans, the major grain-cotton counties must ensure the stable increase of grain-cotton productions and the successful completion of government grain and cotton procurement quota. Counties unable to meet the procurement quota within 3 years on average will no longer qualify for funding support.

Aside from loans provided by the government, regional authorities (in the province, region or municipality) and entities receiving such support must also arrange to raise 20-30 percent of the total loan amount (including liquid capital). In order to effectively manage both the capital and loans, it is recommended that the ABOC draw up loan management procedures and send these to the various localities for implementation.

IV. Organizational Management of Projects

It is recommended that the various provinces (regions, municipalities) establish project coordination committees, with the planning departments taking the lead, to strengthen the multiple tasks of providing balance, coordination and service; the agricultural, forestry, water conservancy and other departments will each be responsible for carrying out the projects in their areas. The PBOC will need to set up a special capital account for these two types of loans, and the ABOC will need to ensure that the agreed amount of loan or capital is provided in a timely manner, with sufficient capital backing for the loans. The inspection and supervisory departments must strengthen financial audit and supervision of the projects. The Agricultural, Forestry, Water Conservancy and other concerned Ministries will be responsible for supervising and inspecting the work process of projects in their areas [of responsibilities], with the Agricultural Ministry assuming overall responsibility for collating statistics and preparing reports.

The project coordination committees established at the various levels and the concerned departments must strengthen project management, uncover and solve problems which may arise in a timely way, summarize and disseminate any valuable experiences learned, organize review and inspect tasks and submit timely reports of project progress to this Commission, the State Council and other concerned departments.

If there is nothing improper or inappropriate in the above report, it is recommended that the State Council Administrative Office send copies of this report to the people's governments in each province, autonomous region, directly administered municipality for implementation.

Attachment: List of Major Commercial Grain-Cotton Producing Counties and Reclamation Areas [Proposed for] Government Assistance.

The State Planning Commission 23, March, 1994

'Relatively Stable' Grain Prices Over Holiday Period

HK1101153395 Beijing XINHUA Domestic Service in Chinese 2108 GMT 3 Dec 94

[By staff reporters Jiao Ren (3542 3544) and Chao Wen (6872 2429)]

[FBIS Translated Text] Beijing, 4 Dec (XINHUA)—An expert from a department under the Ministry of Agriculture believes that between now and the period around Spring Festival, grain prices will be relatively stable and will fluctuate within a narrow range.

Cui Shian, head of the Agricultural Department under the Ministry of Agriculture, told these reporters that, judging from grain production, there was a bumper harvest last year with a total output of 456.4 billion kg. This year's grain production is still not bad given the comparatively serious natural disasters. According to statistical data from a relevant department regarding procurement work, up to the end of October, grain procured by the state had increased by 3.5 billion kg compared with the corresponding period last year, and the procurement targets for wheat and early rice have been overfulfilled. Hence, the state has grain in hand.

Cui Shian said that over the past two to three years, the amount of grain consumed by urban and rural residents has been relatively steady, accounting for 60 percent of total annual output. The supply of grain this year and next will not be affected. It is anticipated that along with the continuous supply of new grain in the market and the promulgation of policies to check commodity prices by the central and local governments, grain prices will be relatively stable.

Guangxi Grain Output Increases

OW0301135495 Beijing XINHUA in English 1336 GMT 3 Jan 95

[FBIS Transcribed Text] Nanning, January 3 (XINHUA)—Despite severe natural disasters, grain output in south China's Guangxi Zhuang Autonomous Region soared in 1994.

Since 1986 the central and local governments have invested 316.8 million yuan in building 34 grain-production bases in the region, covering a planting area of 1.37 million ha [hectares], accounting for 53.12 percent of the region's total farmland.

So far, a total of 379 million kg of grain from these centers has been put in storage, a rise of 18.73 million kg from 1993, accounting for 66.23 percent of the region's total.

In 1993 Guangxi's total grain output increased by 33.31 percent, compared with the amount in 1985.

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The accumulated grain storage of the region's 34 centers over the past eight years reached 7.625 billion kg, accounting for 61.31 percent of its total output.

Xing'an County, for example, has achieved bumper grain harvests for ten years running since it was chosen as a grain-production base, with average per capita grain possession of more than 540 kg in 1994.

In addition, the county has also paid close attention to exploiting local natural resources and developing township industries.

Meanwhile, the local farmers' average income reached 1,500 yuan per capita in 1994, tripling the amount eight years ago.

Arable Land Increases in Heilongjiang

OW0201130595 Beijing XINHUA in English 1256
GMT 2 Jan 95

[FBIS Transcribed Text] Harbin, January 2 (XINHUA)—Northwest China's Heilongjiang, a province with the largest amount of arable land in the country, has reported a net increase of 47,000 hectares of arable land over the past four years.

Land administration departments of the province attributed the increase to the reclamation of wasteland and the introduction of legal measures in land protection.

The province, on the basis of a detailed investigation into land situation, has worked out a series of regulations regarding protection of grain production and vegetable growing land.

As a result, 9.19 million hectares, or 83 percent of the province's arable land in 61 counties and county-level cities is under careful planning.

Meanwhile, optimal use of waste land has been on the top priority in the province and random use of land has been curbed in accordance with related laws and regulations.

Shandong Strives For Greater Progress in Agriculture

OW1001134495 Beijing XINHUA in English 0816
GMT 10 Jan 95

[FBIS Transcribed Text] Jinan, January 10 (XINHUA)—East China's Shandong Province is striving to make still greater progress in agriculture this year, aiming to produce a total of 40 million tons of grain and 900,000 tons of cotton, according to local officials.

The province also plans to raise the output value of its livestock and aquatic products sectors to over 50 percent of the total for agriculture, and that of rural and service industries to be equivalent to 87 percent. Farmers' per capita income, adjusted for inflation, is expected to rise 50 percent on average this year, the officials said.

Last year saw another bumper harvest, with total agricultural output reaching 110 billion yuan-worth. The per capita income of farmers topped 1,200 yuan, a rise of 270 yuan from the previous year.

To reinforce the basic position of agriculture in the national economy, the province has decided to put more investment into it this year.

The emphasis of the province's finance, loans and investment in fixed assets this year will be shifted to the construction of agricultural infrastructure and development of agricultural technology.

Meanwhile, the construction of water-control projects will also be strengthened to improve the farmers' ability to combat natural disasters.

Sichuan Sets Grain Output Target for 1995

HK1101123795 Beijing ZHONGGUO XINWEN SHE
in English 0929 GMT 11 Jan 95

[FBIS Transcribed Text] Chengdu, January 11 (CNS)—Sichuan, the biggest agricultural province of China, plans to produce 43.5 billion kilograms of grain this year, the figure being the same in 1992 when the province had its best harvest in history. Outputs of other major crops such as cotton and edible oil as well as meat are also expected to grow to various extents.

Sources from an on-going meeting of the Sichuan Provincial Planning Commission reveal that the Province's gross agricultural output this year is set to increase by 4 percent to RMB [renminbi] 87.7 billion while the net income of farmers on average is expected to grow by RMB 100 over 1994.

However, the foundation of agriculture in the Province is rather weak, the Province is quite backward in this sector and its status of agriculture in the country has fallen, say sources here.

Deputy Director of the Sichuan Provincial Planning Commission, Liu Bay said that it is necessary to overcome the backward situation in agriculture to improve farmers' living standard in the Province.

The Province will first make use of science and technology to boost agriculture and raise yield per unit area, and at the same time it will enlarge its land area for cultivation of crops of grain, cotton and edible oil. The Province has planned to put about 150 million mu under grain crops' cultivation, 2.2 million mu for cotton, and 12 mu for rape crops.

Second, the Province will increase its input into agriculture. A batch of large and medium-sized water conservancy works will be put under construction or harnessing, including the Minning Reservoir, first-phase project of the Wudu water-diverting works, the first-phase project of the Shenzhong Reservoir and the second-phase project of the Dujiangyan water conservancy works. The Province will also start its preparations for construction of the Zipingpu

Reservoir. In addition, upgrading of 1.6 million mu low-yield farmland will be carried out in order to strengthen sustaining power for promoting agricultural development and capability to combat natural disasters in the Province.

On the other hand, the Province will put more efforts for construction and perfection of its agricultural production bases, producing more commercial agricultural products, regulating the rural economic structure and speeding up industrialization and urbanization of small towns, promoting the development of agriculture and rural economy in an overall way in the Province.

Tibet Reports Good Harvest in 1994

*OW1201034395 Beijing XINHUA in English 0323
GMT 12 Jan 95*

[FBIS Transcribed Text] Lhasa, January 12 (XINHUA)—The Tibet Autonomous Region reaped a good harvest in 1994 by overcoming the effects of serious natural disasters, according to the regional government.

An official said that the output of Tibet's farming and livestock breeding sectors was worth 2.33 billion yuan in 1994, up 5.4 percent over the previous year.

The living standard of farmers and herders continued to improve last year, with the per-capita average income rising 6.5 percent to 555 yuan, he said.

In 1994, Tibetan farmers harvested 640,000 tons of grain, three percent more than in 1993, and 27,500 tons of rapeseed, up 22 percent.

Tibetan herdsman kept 23.2 million head of cattle and sheep in stock at the end of 1994, more than at the end of the previous year, he said.

The farming and livestock sectors are the foundation of Tibet's economy, contributing at least 80 percent of the region's gross domestic product.

Floods, hailstorms, snowstorms and drought affected 93,000 ha of farmland and 121,000 rural residents in Tibet last year, the official said.

Local governments allocated funds and materials to farmers and herdsman to help them combat natural disasters.

Xinjiang Becomes 'Largest' Cotton Producer

*OW0401145395 Beijing XINHUA in English 1356
GMT 4 Jan 95*

[FBIS Transcribed Text] Urumqi, January 4 (XINHUA/OANA)—The Xinjiang Uygur Autonomous Region, in northwest China, harvested 830,000 tons of cotton last year, becoming the largest cotton producer in China.

The region earned a gross profit of nine billion yuan from cotton production in 1994. And the annual income of local farmers increased by two-thirds to 900 yuan each on average last year.

Xinjiang has 20 million ha of arable land, accounting for one fifth of the country's total. Plus long periods of sunshine, favorable climate and a complete irrigation system, the region is an ideal place for cotton and grain production.

In recent years the regional government has attached great importance to cotton production, as the price of cotton climbed on the world market and the central government adopted a number of preferential policies for cotton production.

As a result, cotton output shot up by 642,000 tons within a decade, laying a sound foundation for the region's agricultural development.

Local statistics show that the number of households growing three ha [hectares] of cotton exceed 10,000, gaining an average annual net profit of 30,000 yuan each.

Meanwhile, the region has boosted the development of cotton-processing, textile industry and farm machinery, and increased investment in modern agro-technology.

Yunnan Grain Production Reaches 'Record High'

*OW0101143795 Beijing XINHUA in English 1246
GMT 1 Jan 95*

[FBIS Transcribed Text] Kunming, January 1 (XINHUA)—Yunnan Province in Southwest China produced 11.46 million tons of grain in 1994, an all-time record high or an increase of 610,000 tons as compared with the previous year.

To stabilize grain production, many localities signed grain production contracts with farmers at the beginning of the year and shared the risks in such production.

Meanwhile, more than 20,000 technicians have been sent to help farmers with their practical problems in production and supply them with plastic sheetings, pesticides, fine seeds and chemical fertilizer which are badly needed by farmers.

As a result, grain sown areas increased by 110,000 hectares last year, which added 330,000 tons of grain for the province.

Meanwhile, the spread of farming technology also helped boost grain production. About 150 kilograms of grain has been increased in each hectare of sown area and a total of 280,000 tons of grain is the result of increase in per unit output.

National Forestry Meeting in Hefei Ends

*OW1001132695 Hefei Anhui People's Radio Network in
Mandarin 1100 GMT 26 Dec 94 95*

[From the "Provincial Hookup" program]

[FBIS Translated Excerpt] On 25 December, the six-day national meeting of directors of forestry bureaus and departments ends in Hefei. It was a mobilization meeting

for gradually establishing a relatively sound ecological system and a relatively advanced production system in forestry.

Forestry Minister Xu Youfang presided over the closing ceremony. Vice Forestry Minister Zhu Guangyao made a closing speech. Vice Forestry Minister Liu Yuhe read a ministry decision on commending advanced units and individuals in publicizing forestry and promoting advanced forestry technologies throughout the country. Liu Yuhe also read a circular concerning the nation-wide investigation on the situation of artificial afforestation and reforestation and of consumption of forest resources.

Other leading members of the Forestry Ministry, including Wang Zhibao and (Li Changjian); and party, government and Army leaders from this province, including Lu Rongjing, Hui Liangyu, Meng Fulin, Wang Zhaoyao, Shen Shanwen, Jiang Zehui, and Wang Sheyun attended the closing ceremony.

The current meeting fully reviewed China's reform and forestry development situation in recent years, objectively

analyzed the current situation faced by forestry work, clearly explained the basic line for our country's forestry development in the Ninth Five-Year Plan, put forward the desired goals for establishing a relatively sound ecological system and a relatively advanced production system in forestry, and made arrangements for key forestry tasks in 1995. [passage omitted]

The meeting called stressing afforestation this winter and next spring and on preventing forest fires to lay down a good foundation for further improving forestry work next year.

During the meeting, Vice Forestry Minister Wang Zhibao explained China's forestry work during the Ninth Five-Year Plan and the basic line and a long range plan for developing forestry up to the year 2010. [passage omitted]

Directors of forestry bureaus and departments of Anhui, Beijing, Hubei and seven other provinces, municipalities and regions introduced the situation of forestry in their respective localities at the meeting.

East Region

Anhui Economic Work Conference Ends

OW1201041195 Hefei Anhui People's Radio Network in Mandarin 1100 GMT 26 Dec 94

[From the "Provincial Hookup" program]

[FBIS Translated Text] A three-day provincial economic work conference focused its serious discussions on the guidelines of the central economic work conference and the speech delivered by Comrade Lu Rongjing at its opening ceremony. As a result, attendees further gained a clear understanding of the situation, reached a consensus, and defined the guiding ideology and tasks for next year's economic work. Its closing ceremony held yesterday afternoon was presided over by Anhui Provincial CPC Committee [APCPCC] Secretary Lu Rongjing. APCPCC Deputy Secretary and acting Anhui Governor Hui Liangyu delivered a concluding speech.

Hui Liangyu pointed out: The provincial economic work conference fully reflected [ti xian] the central task of economic construction, the party's leadership over economic work, the principle of placing emphasis on major tasks and important policies, the ideological line of emancipating the mind and seeking truth from facts, and the principle of grasping two links—material and spiritual civilizations—at the same time. Successfully implementing the guidelines of the central economic work conference in strict accordance with the plans mapped out by the provincial economic work conference will surely play an important role in maintaining the good momentum of Anhui's economic development.

Hui Liangyu pointed out: To succeed in carrying out next year's economic work, we must steadfastly implement the guidelines of the central economic work conference; steadfastly carry out our work in a creative way in the light of the actual conditions in Anhui; and sustain the good momentum of sustained, rapid, and healthy economic development [jing ji chi xu kuai su jian kang fa zhan] in Anhui by every possible means.

First, we must uphold the argument that development is the last word, keep up the momentum of rapid growth, and improve the quality of economic operation. The good situation we now enjoy has not come easily. It is necessary for the whole province to firmly seize the historical opportunity facing us now and attain a quality growth rate with good economic returns as best we can. Meanwhile, it is necessary to make vigorous efforts to do a good job of improving the quality of economic operation as well as economic returns. We must succeed in bringing about a shift from the type of economic operation aimed at achieving rapid growth to that aimed at producing good economic returns. The key to our success in this endeavor lies in improving the quality of our economy as a whole and the efficiency of distributing the essential factors of production. We must strive for beneficial results from

optimizing structure, having an appropriate scale of operation, and from promoting a technical advance in a bid to bring about an integration between the growth rate, beneficial results, and stamina for sustained development.

Second, we must practically step up efforts to implement comprehensive measures and bring inflation under control. Bringing inflation under control is the most important task for us to carry out macroeconomic regulation and control next year and the key link for us to properly handle the relationship between reform, development, and stability. We must conscientiously implement the 10 measures drawn up by the state and the plans decided upon by the provincial government for bringing prices under control in a down-to-earth manner to ensure that the extent of price hikes next year is noticeably lower than this year's. It is necessary to pay due attention to the rice bag and vegetable basket, strengthen supervision and control over prices, and consolidate the order of circulation. We must continue to do a good job of consolidating the reform of the circulation system; vigorously give play to the role of state-owned commercial undertakings and supply and marketing cooperatives as the main channel; correctly handle the relationship between reining in inflation and maintaining sustained economic development; properly bring the extent of investment and consumption increase under control; and actively bring into play the positive factors in all fields of endeavor while optimizing the structure of investment in a bid to enable the increase in investment to reach a level corresponding to that of economic development in Anhui. We must be really concerned about the lives of people living in impoverished areas, people with low income, and retirees.

Third, we must steadfastly place agriculture and the rural economy atop the agenda of our economic work. It is necessary to further lay a solid foundation, increase the supply of essential agricultural and sideline products as much as possible, and strive to help peasants increase their income. We must blaze a trail in developing a type of farming that provides high quality bountiful yields with maximum efficiency suited to Anhui's conditions; promote the development of explorative agriculture as well as village and town enterprises; optimize the structure of the rural economy; further deepen reform in rural areas; increase input into agriculture by every possible means to make the sector gradually reach a level corresponding to that of the foundation of the national economy.

Fourth, we must continue to deepen reform of state-owned enterprises and conscientiously do a good job of promoting production to ensure supply and sales. We must treat the emphasis on expediting the reform of key state-owned enterprises as the turning point; bring about an organic integration between the work of expediting development and such reform measures as the transformation of enterprises' operating mechanisms, optimization of organization and structure, promotion of technical advance, and improvement of enterprises' internal management. We must persist in innovating system, technology, and management at the same time and practically shift our road of

development to one that is market-oriented and treats the improvement of economic returns as the central task. To deepen reform of state-owned enterprises, we must further separate the functions of government from those of enterprises, continue to do a good job of establishing a modern enterprise system at selective enterprises on a trial basis, vigorously readjust enterprises' organization and structure, endeavor to solve the problem of enterprises' incurring excessive debts, accelerate such coordinated reforms as the social security system and so forth, and continue to improve various macroeconomic reform measures. We must treat the enterprises' efforts to reduce losses and increase profits as a battle to storm heavily fortified positions, take practical measures, and score a marked success in this endeavor next year.

Fifth, we must steadfastly open our doors wider to the outside world. We must continue to spend time and effort on improving environment, expanding spheres, optimizing structure, and improving standards. We must strive to take a new step forward in directly and indirectly making use of foreign funds, and to ensure that the rate of growth in foreign trade is higher than that of our gross national product.

Sixth, we must pay close attention to drawing up the Ninth Five-Year Plan. While paying close attention to drawing up Anhui's Ninth Five-Year Plan and its long-term program until the year 2010, we must uphold the guidance of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and the party's basic line and reflect [ti xian] the requirements of a market economy, technical advance, an open economy, and development in this century and the next in the light of the actual conditions in Anhui.

Finally, when Hui Liangyu spoke of the implementation of the guidelines of the conference, he called on all areas to carry out to the letter all the tasks raised by the central and provincial authorities.

Fujian's Telecommunications Said Modern

OW1201115895 Beijing XINHUA in English 0723
GMT 12 Jan 95

[FBIS Transcribed Text] Fuzhou, January 12 (XINHUA)—Southeast China's Fujian Province boasts the most efficient posts and telecommunications services in the country after 16 years of all-out development.

Fujian is the first province in China to upgrade its telephone numbers to seven digits in both urban and rural areas.

So far, the number of telephone subscribers in Fujian amounts to 1.1 million—one telephone for every five urban residents. About 98 percent of the telephone networks and all the long-distance lines are program-controlled.

All telephone networks above the county level in Fujian became automated in 1989. A digital-control network was

introduced in all the cities and counties in 1993. In 1994 telephone numbers across the province were upgraded to seven digits.

So far, Fujian has installed nearly 10,000 km of optic cable and 2,700 km of microwave lines.

Mobile telecommunications have also witnessed an expansion during the past decade. Paging and mobile telephone services are currently available in every corner of the province. The number of pager subscribers has climbed to 700,000, and that of cellular phone users has topped 50,000.

In Nanan City, a farmer-turned businessman has installed four program-controlled telephones and three mobile phones in his office and residence.

The provincial posts and telecommunications department is establishing its own information superhighway to pave the way for the development of E-mail service and electronic fund transfer.

Two Executed in Jiangsu for Tax Forgery

OW1201064295 Beijing XINHUA Domestic Service in
Chinese 0752 GMT 30 Dec 94

[Article By XINHUA reporter Hua Weilie (5478 5898 0441) and XINHUA correspondent Zhou Yi (0719 5030): "The End of Greedy People—Warning From the Extraordinary Case of Falsified Value Added Tax Receipts in Jiangyin"]

[FBIS Translated Excerpt] Nanjing, 30 Dec (XINHUA)—A case of falsified value added tax [VAT] receipts occurred in Jiangyin city, Jiangsu Province, from March to May 1994. The crime involved 394 million yuan in cash and over 57 million yuan in tax revenues. It caused the state to be cheated of 8.012 million yuan tax in revenues and affected 12 cities in three provinces.

The Wuxi City Intermediate People's Court in Jiangsu Province held a judgement-pronouncement meeting on the morning of 27 October 1994. Hu Ming [5170 2494], the prime culprit, was sentenced to death and deprived of his political rights for life for the crimes of speculation and profiteering, corruption, offering bribes, and tax evasion. Another prime culprit, Wang Zhen [3769 7201], was sentenced to death and deprived of his political rights for life for taking bribes.

Their True Colors

On the morning of 25 May 1994, a copy entitled "Reference Material on the State of the Hongyan Woolens Factory in Jiangyin city" was delivered to Li Hongxing, mayor of Jiangyin city and taxation bureau director. The person who made the delivery asked Li Hongxing to "verify" the copy in writing and stamp it.

Li Hongxing was able to spot some inconsistencies in the less than 300-character "reference material." Successive numbers on four special VAT receipts from the Hongyan

Woolens Factory were in reverse order. He knew that if he put his stamp on the copy, the four VAT receipts would qualify for tax deductions exceeding 3 million yuan.

The next morning, Li Hongxing reported the situation to the Jiangyin City Taxation Bureau. In the afternoon, a deputy head of the collection and management section of the Jiangyin City Taxation Bureau checked the accounts of the Hongyan Woolens Factory and discovered that the factory had evaded 135,000 yuan in taxes and falsified special VAT receipts. He immediately sealed the account books and sent them to the Jiangyin City Procuratorate's taxation office.

On 27 May, the Jiangyin Taxation Bureau sent a facsimile to the Zhuhai Taxation Bureau, asking it to temporarily stop tax reductions and reimbursements for related enterprises in Zhuhai.

On 28 May, the main culprits of this case started to "appear on stage." When leaders of the Jiangyin Taxation Bureau approached the Hetang Taxation Group leader, the 32-year-old Wang Zhen shifted responsibilities completely to others. However, early the next morning, he and his wife returned 60,000 yuan and gold jewelry to Hu Ming, Hongyan Woolens Factory director, and repeatedly exhorted him not to tell anybody about this.

All quarters paid close attention to developments in the case. On 29 May, leaders of the Wuxi City State Taxation Bureau and the Jiangsu Provincial State Taxation Bureau arrived in Jiangyin to direct the investigation on site. Meanwhile, facsimiles were sent from Jiangyin to taxation organs in 12 cities and counties, including Guangdong's Zhuhai, Shantou, and Puning, explicitly telling them that tax reductions and export tax exemptions based on Jiangyin-issued sales invoices should be halted.

On 30 May, the Jiangyin City Procuratorate stepped in. To minimize state losses from tax revenues, taxation, procuratorial, and other law-enforcement departments cooperated fully with each other and pooled their resources to spread a dragnet and launch a strong offensive.

On the morning of 1 June, Hu Ming, the main culprit who falsified the VAT receipts, "surrendered" himself to the Jiangyin City Procuratorate.

The extraordinary tax-evasion and VAT receipt-falsifying case, which shocked the nation, was finally solved....[passage omitted]

Those Who Hear This, Be Warned

The prime culprits in the extraordinary VAT receipt-falsifying case that shocked the nation had already been executed by shooting. However, the crackdown on the criminal activities of forging, reselling, and stealing VAT and other regular receipts continues. A more important issue is that people must learn lessons from this crime and take warning. [passage omitted]

Shanghai Attains Record Volume of 1994 Trade

OW1201102295 Beijing XINHUA in English 0649
GMT 12 Jan 95

[FBIS Transcribed Text] Shanghai, January 12 (XINHUA)—Shanghai, the biggest port in China, handled 36.2 billion U.S. dollars-worth of imports and exports in 1994, a record in the city's foreign trade history.

Of the total trade volume, exports increased by 35.5 percent to 18.9 billion U.S. dollars-worth and imports edged up by 2.1 percent to 19.3 billion U.S. dollars-worth, according to the municipal customs office.

Located at the mouth of Chang Jiang and as one of the most dynamic economic development zones in China, Shanghai has devoted itself to the promotion of an export-oriented economy for many years.

The city has served as a trade center in China, especially in the Chang Jiang Basin, by organizing over 100 international trade fairs of various kinds, which provided trade opportunities for provinces along the river. The largest one was the East China Export Commodities Trade Fair held every March for the past five years.

Shanghai is also the home of many branches and agencies of overseas companies in China. The United Nations Trade Network opened its Shanghai office in September last year, which has greatly boosted exchanges of trade information in the region.

Meanwhile, the rate of re-exports has registered a gradual increase in recent years.

The port handled a record 1.18 million containers last year. It also handled 12,520 incoming and outgoing ships, and 13,778 flights last year, up 19.4 percent and 19.7 percent respectively.

Shanghai Makes Progress in Environment

OW1201102195 Beijing XINHUA in English 0809
GMT 12 Jan 95

[FBIS Transcribed Text] Shanghai, January 12 (XINHUA)—This, China's leading industrial center, saw its environment improve while it maintained a double-digit growth in its economy last year.

The improvement was made as Shanghai, with a population of more than 13 million, attached great importance to environmental protection.

The Shanghai Municipal Government announced that 1994 was to be the "Year of Environmental Protection" at the beginning of the year, in a bid to mobilize the broad masses of the people to take part in environmental protection.

To achieve complete success in the campaign, the city government also assigned specific tasks to different districts, suburban counties and other relevant departments.

By the end of last year all the 600 projects related to environmental protection had been completed as planned, according to local officials.

The city also made efforts to strengthen sewage treatment and reduce noise pollution by way of banning the use of vehicle horns along the major streets. The efforts proved effective.

In the meantime, environmental protection departments strengthened monitoring and supervision, and strictly controlled the discharge of pollutants, while speeding up the cleaning of some notorious areas suffering from serious pollution.

Last year the concentration of sulphur dioxide dropped by 15 percent at six state monitoring stations in urban areas thanks to a wide use of piped gas and the removal of 10 major polluting factories and workshops.

Shanghai has also been strengthening legislation on environmental protection, and a series of regulations will be worked out, published and implemented this year, said local officials.

They added that this year more polluting factories will be relocated, in addition to the construction of forest belts on large stretches of land and the adoption of other measures so as to further improve the quality of the environment in the city.

Central-South Region

Guangdong Meeting on Control Over Cable TV

HK1201064195 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1011 GMT 10 Dec 94

[FBIS Translated Text] Guangzhou, 10 Dec (ZHONGGUO TONGXUN SHE)—The main topic of the Guangdong Provincial Cable Television Management work meeting, which ended yesterday, covered the following: Further strengthening the publicity and technical management of cable television, placing such management within the orbit of the legal system so that cable television can develop healthily and steadily, better serving the market economy, and satisfying viewer needs.

Guangdong Province has approved 400 cable television stations to date. There are 1,450 cable television networks and nearly 4.5 million cable television-viewing households. With the arrival of the multimedia era, cable television will use digital technology and will join the computer, telecommunications, and data bank network. It will provide its viewers with services including information, videophones, view-selected programs, tele-meetings and purchases, and it will become an important link on the information superhighway.

Relevant departments stressed that various localities should strictly observe applicable state and provincial laws and regulations on the management of cable television. The construction of cable television networks and the

running of cable television stations should be carried out by local broadcasting and television administration and management departments to ensure that cable television—a publicity tool—is firmly in the hands of the government.

Hubei Official on Water Conservancy Projects

HK1201052695 Wuhan Hubei People's Radio Network in Mandarin 1000 GMT 4 Jan 95

[FBIS Translated Excerpt] This morning, provincial party and government leaders—including Jia Zhijie, Li Daqiang, and Wang Shengtie—went to the provincial water resources department to study and resolve problems there. They stressed the need to increase the impetus of work concerning agriculture and water conservancy in 1995, to mobilize all party members and people for the full-scale development of agriculture and water conservancy, and to ensure the implementation of all policies and principles. [passage omitted]

Liu Keyi, director of the provincial water resources department, reported on last year's water conservancy throughout the province and on this year's initial plan. He said: In 1994, capital construction for farmland water conservancy projects throughout Hubei was better than in the previous year in terms of scale, development rate, and results. Good results were achieved in soil preservation and combat against drought. [passage omitted]

In this year's water conservancy work, construction projects for flood prevention will be strengthened, farmland water conservancy projects will be strengthened, and the construction of small and medium-sized hydropower stations will be accelerated. [passage omitted]

Secretary and Governor Jia Zhijie, as well as Vice Governors Li Daqiang and Wang Shengtie, fully confirmed Hubei's achievements in water conservancy last year. Jia Zhijie said: The party Central Committee and State Council set great store by agriculture. Therefore as soon as 1995 started, agricultural work was the first job with which the provincial party committee and government began to proceed. Water conservancy is a basic industry in the national economy, and is also the lifeblood of agriculture. The entire party and all people should pay attention to agricultural work and water conservancy. This is quite important for reform, development, and stability. Flood prevention is a major matter in Hubei, and it must be given full attention from the beginning of this year. [passage omitted]

Southwest Region

Guizhou Governor on Reform of Land-Use System

HK1201063195 Guiyang Guizhou People's Radio Network in Mandarin 2300 GMT 5 Jan 95

[FBIS Translated Text] On 5 January, at the provincial work meeting held by the provincial government on the reform of the land-use system, Governor Chen Shineng

stressed: It is necessary to deepen reform of the land-use system in order to promote Guizhou's economic development.

In his speech, Chen Shineng summed up Guizhou's results in reforming the land-use and management system, saying: Our country pursues the socialist public ownership system over land, and land management is an important duty and right of governments at all levels. In order to properly manage land resources and land assets, we must handle the following issues well:

First, measures should be taken to effectively protect land for crop cultivation. Governments and land management organs at all levels must carry out the principle of first guaranteeing the supply of food, and second guaranteeing construction. The fields that feed the population must be protected, and the needs of the state's construction also should be satisfied. Administrative, economic, and legal means should be adopted to firmly protect the fields included in the basic farmland protection zones. When selecting sites for major projects, we should try to economize on the use of land, and should try to use land reasonably. Urban construction should be conducted mainly by improving the facilities of the original districts. Existing land which is not farmed should be used more efficiently, wasteland should be developed and used, and idle land should be reclaimed. Efforts should be made to achieve a balance between the use of land for construction and the development of new farmland.

Second, the land management system should be reformed more intensively, and the land market should be regularized. Governments should monopolize the primary land market, and should manage the secondary and tertiary land market effectively. The market should be made brisk and orderly. The proportion of land transfers in the total area of newly reclaimed farmland should be increased. The existing urban land stock should circulate into the hands of users more efficiently. Illegal transactions of land transfer rights should be checked. The transformation of old urban districts should be accelerated. We should strive to build up the framework of the socialist land market system by the year 2000.

Third, efforts should be made to consolidate urban and rural land management institutions. Land management in urban and rural areas should be conducted solely by the land administration. The allocation of land for construction should be approved solely by the governments concerned. Land management power should not be diversified, and should not be delegated to lower levels. Leaders responsible for land management and land-use approval should be named clearly, and they should have exclusive authority and bear sole responsibility for their decisions.

Fourth, land management organs should be given strong administrative authority to enforce the relevant laws and regulations. All localities should set up contingents of land supervisors, improve the working conditions for land-use supervision, and should increase the validity and controlling force of the higher authorities regarding land-related

law enforcement at lower levels. The practice of approving land use by transcending the authority and by delegating the power to approve land use to lower levels without authority should be halted by the upper authorities. In the course of administrative structural reform, all localities should give consideration to the formation and staffing of land administrations. The appointment of land administration leaders below the prefectural level should be approved by the land administration at the upper level.

Chen Shineng required all localities to strengthen leadership over land-use system reform and land management in order to create favorable conditions for sustained, rapid, and healthy economic development throughout Guizhou.

Sichuan Official on 1995 Anticorruption Drive

HK1201033895 Chengdu Sichuan People's Radio Network in Mandarin 2300 GMT 3 Jan 95

[FBIS Translated Excerpt] Yesterday [3 January], provincial party Secretary Xie Shijie presided over the provincial joint meeting of supervisory departments to discuss and plan the anticorruption drive for 1995. [passage omitted]

Xie Shijie stressed: In 1995, party committees, governments, law enforcement organs, and supervisory departments at all levels in Sichuan, by always adhering to the principle of doing two types of work simultaneously and attaching equal importance to both, must take further action to launch an in-depth anticorruption struggle, pay close attention to the work of ensuring leading cadres' honesty and self-discipline, severely punish cases of discipline-violation and law-breaking, resolutely crack down on all kinds of economic and other crimes, and devote strenuous efforts to accomplishing the work of checking unhealthy tendencies, with the purpose of creating a good environment for the reform, development, and stability of the whole province.

Xie Shijie said: To accomplish the anticorruption and honesty-advocating work this year, we first must conscientiously strengthen legal education and instill a greater sense of law-abiding into the minds of vast numbers of cadres and party members, particularly leading party members and law- and discipline-enforcement personnel. Second, we must further establish and amplify rules and regulations, and must perfect the mechanism of supervision and checks. Third, we must give full play to the exemplary role of leading cadres. Fourth, we must resolutely investigate and deal with large and important cases, and must conscientiously check unhealthy tendencies.

Attending the meeting were: Luo Liangyang, Xi Yifang, and Shen Guojun, members of the provincial party committee standing committee; Li Yulong, president of the provincial court; provincial Chief Procurator Gong Dulun; He Xiaoqing and Wu Cailong, deputy secretaries of the provincial commission for discipline inspection; and leading cadres of discipline- and law-enforcement organs and of supervisory departments.

State Council To Approve Sichuan's City Plan

HK1201033795 Chengdu Sichuan People's Radio
Network in Mandarin 2300 GMT 3 Jan 95

[FBIS Translated Text] On the basis of opinions sought from various ministries and commissions, the State Council's General Office is going to give official approval for the Sichuan Provincial Government's plan to speed up the development and opening up of China's Xichang Astronautic City.

Provincial party Secretary Xie Shijie remarked on this, pointing out: The building of China's Xichang Astronautic City is a very important matter, and it must be well integrated with the comprehensive development of resources in the Panzhihua-Xichang area. The provincial party committee and government must strongly support it, and must speed up the implementation of the structure, policy, and other relevant work of Xichang Astronautic City as an inland opening-up city.

The State Council's Special Economic Zones Office has expressed its active support for listing Xichang Astronautic City as a state-level inland opening-up city, and for its opening up more widely to attract investment and promote economic development. Moreover, in due course, efforts will be made to conduct investigations in Xichang this year.

The State Council's Port Office already has agreed to list Xichang's Xinshan Airport as a class-one state supply port.

At present, some of the infrastructure projects for building Xichang Astronautic City are underway, while others have been set up and reported for approval.

Sichuan Aims To Set Ceiling Around 13 Percent

HK1101135595 Beijing ZHONGGUO XINWEN SHE
in English 1146 GMT 11 Jan 95

[FBIS Transcribed Text] Chengdu, January 11 (CNS)—According to the planning conference of Sichuan province held here, the province will strive to put the price hike under control and set the ceiling at around 13 percent after last year's new high inflation.

Last year, the province saw its retail price of social commodities rise by 23 percent, the highest price hike record since opening to outside world. The greater margin of price growth in agricultural products was the main factor for the runaway retail price of commodities and price of residents' consumer goods. Sichuan province is weak in its agricultural basis and some agricultural products could not meet market demand due to last year's summer drought spell. Besides, price of production means grew comparatively faster, and there still existed illegal practice of driving up price and unreasonable high charges. All these made commodity price in Sichuan province grow incessantly.

The province has decided to bring price rise down to 13 percent and take a series of measures to control price hike

including rectification of circulation order, maintaining a good supply of main food items like grain, edible oil, pork, vegetable and so on and putting the price of agricultural production means and electricity under control. While perfecting the established price adjustment risk fund for non-staple food, establishments of grain risk fund and reserve system for main goods like grain, edible oil and chemical fertilizer must be sped up. It is also necessary to strengthen supervision over commodity price, strike relentlessly at illegal raise of charges and enact some local price laws, regulations and stipulations to standardize market activities.

Report on Steady Economic Growth in Tibet

GW1201045695 Beijing XINHUA Domestic Service in
Chinese 0455 GMT 30 Dec 94

[By reporter Ning Shiqun (1337 0013 5028)]

[FBIS Translated Text] Lhasa, 30 Dec (XINHUA)—The strategy laid down by the central authorities for accelerating Tibet's economic construction has provided an exceptional opportunity for Tibet to develop its economy. It has therefore made new progress in economic development this year.

It has been reported that Tibet's gross domestic product this year exceeds 4 billion yuan and net per capita income among peasants and herdsmen is around 550 yuan. Despite all sorts of natural disasters, its total agricultural output value amounts to 2.45 billion yuan, up 4.5 percent from last year. Grain output basically remains at last year's level, and rapeseed output is 27,000 metric tons this year, up 22 percent from last year. Grassland animal husbandry shows strong development momentum. The output of meat and wool, at 106,000 metric tons and 8,800 metric tons respectively this year, are greater than those last year. While agriculture, forestry, animal husbandry, and sideline undertakings are vying for development, their production structure has been improved. Diversified economic undertakings are full of vitality, with a total income of 380 million yuan. Village and town enterprises, with a total income of 250 million yuan, are a new force suddenly coming to the fore. New progress has been made in building agricultural and forestry comprehensive development bases and disaster-resistant animal husbandry bases. In the Yaluzangbu Jiang, Lhasa He, and Nianchu He region, 165 million yuan has been invested in comprehensive development, and basic conditions for agriculture and animal husbandry are being improved step by step.

Tibet's market-oriented industry has registered growth in output value, sales income, and profit delivery and tax payments to the state simultaneously this year. This year's total industrial output value amounts to 516 million yuan, up 9.1 percent from last year. The output of all major products, such as electricity, chromium ores, boromagnesianite, and cement, have increased by a varying margin. State-owned transport services are actively participating in market competition and playing the main force role. Tibet's cargo transport volume this year totals 735,000

metric tons, up 6.5 percent from last year. Both incoming and outgoing cargoes have increased this year, as compared with last year.

Tibet invested 2.02 billion yuan in society's fixed assets this year. Of the investment, 1.83 billion yuan was made in capital construction. A number of key construction projects have been completed rapidly, with good quality. The Potala Palace maintenance and repair project was successfully completed in August this year after several years of work. The Bangda airfield restoration project was completed on schedule and the engineering quality was good. The projects to improve the Qinghai-Tibet and Sichuan-Tibet Highways are proceeding smoothly. The finishing touches have been made on such projects as the Ze-Gong Highway, Luobusha Chromite Mine, and Shannan Chromite Mine. Annual plans for such key projects as Yanghu Power Station and Chalong Power Station have been fulfilled on schedule, involving a fixed assets investment of 1.93 billion yuan. Of 80 above-norm projects, the rate of completion is 96 percent, and 72 of the completed projects have been put into operation.

Tibet has made new progress in foreign economic ties and trade and in lateral economic cooperation, and a new pattern of opening up wider has begun to take shape. Its total import-export volume this year amounts to \$120 million, up 16.5 percent from last year. As compared with last year, the newly-established enterprises in Tibet with investment from abroad and lateral economic ties at home have increased more than six-fold to 18 this year, and their total investment is 1.02 billion yuan, plus \$17.12 million. Economic returns from the tourism industry have increased sharply. This year, Tibet has received 28,000 tourists from abroad, earned 118 million yuan in tourism income, including \$10 million in foreign exchange earnings.

In order to curb inflation, governments at all levels in Tibet have adopted measures, prepared funds, and ensured market commodity supply. Tibet's consumer goods price index and general retail price index this year are the nation's average. Both urban and rural markets are thriving with brisk buying and selling.

Tibet has taken a bigger stride in economic restructuring this year. Various reform plans have been successively put into practice, and supplemented by relevant supportive measures. The comprehensive efforts to improve public order are proceeding on the right track and are gradually being intensified. New, sound progress has been made in education, science and technology, culture, public health, and other social undertakings.

Tibet Party Holds Meeting on Economic Work

OW1201085195 Lhasa XIZANG RIBAO in Chinese 27 Dec 94 p 1

[By XIZANG RIBAO reporter Liu Liqiang (0491 4539 1730): "The Autonomous Regional Party Committee

Holds a Meeting for Leading Cadres to Relay the Guidelines of the Central Economic Work Meeting, and to Study and Formulate Major Economic Tasks for 1995"]

[FBIS Translated Text] On 26 December, the autonomous regional party committee held a meeting in Lhasa for leading provincial-level cadres with party membership and responsible key figures of various comprehensive economic departments to relay and study the guidelines of the Central Economic Work Meeting.

Guo Jinlong, deputy executive secretary of the autonomous regional party committee, chaired the meeting.

Attending the meeting were Tibet's party and government leaders including Basang, Danzim, Yang Chuantang, Lieque, Puqung, Lu Huimin [7120 1920 3046], Zheng Ying, Pudoje, Gyamco, Laba Pingcuo, Toinzhub, Ciren Zhuoga, Sun Qiwen, Luosang Danzeng, Jimzhong Gyaincain Puncog, and Cedain Zhoima.

Yang Chuantang, deputy secretary of the autonomous regional party committee and vice executive chairman of the autonomous regional government, addressed the meeting. He relayed to the participants the principal guidelines of the Central Economic Work Meeting, briefed them on the mood of the meeting, and expounded on several key tasks of Tibet work which had to be properly performed in 1995: —While taking into account the overall situation, we should strive to implement the guidelines of the Third Central Work Meeting on Tibet. Next year will be our first year of implementing the guidelines of the Third Central Work Meeting on Tibet and it will be the 30th anniversary of the founding of the autonomous region. With so many tasks to perform, we must, however, give priority to the job of implementing the guidelines of the Third Central Work Meeting on Tibet. We should then use the results to assess the overall situation, and to enhance the regional economic and social progress. —We should improve our understanding, unify concepts, and coordinate our steps. To implement the guidelines of the Central Economic Work Meeting, we should understand the circumstances. While striving to understand the international and domestic situation, we should also realize Tibet's unprecedented, favorable conditions since we began implementing the guidelines of the Third Central Work Meeting on Tibet. Additionally, we should note the achievements as well as the problems. Consequently, unifying our understanding means that we should have the same understanding of the circumstances as we do of the various general and specific policies on Tibet formulated by the central authorities. —We should correctly handle relations among reform, development, and stability. —To deepen economic restructuring, we should put more emphasis on state enterprises. When carrying out reform in 1995, we must regard the restructuring of state enterprises as our major task. We should emphatically change their systems and mechanisms, and comprehensively delegate to them various powers and rights. Meanwhile, we should also expeditiously restructure their systems of macroeconomic administration and social security. —We

should make concerted efforts to improve economic work and accelerate economic progress. We should earnestly give top priority to agriculture; increase investments in the agricultural sector; upgrade productive conditions, ensure a steady rise in the output of grain and edible oil and in the per capita income of peasants and herdsmen; properly perform tasks on helping impoverished areas which stress enhancing self-development; and pay close attention to and promptly resolve difficulties and livelihood problems of the masses in areas inflicted by disasters in 1994. We should properly build infrastructural construction projects including energy, communications, and telecommunications projects. Particularly, we should properly construct large and medium-scale key projects, and ensure their quality, construction work progress, and scheduled completion so that they are operational on time. Furthermore, we should open up wider to the outside world, and actively develop foreign trade and tourism. We should continually implement the strategy of developing Tibet by promoting science, and strive to facilitate scientific, technological, and educational undertakings. —We should continually handle the anti-splittist struggle as a major task. —We should strengthen party-building and spiritual civilization.

During their discussions, participants successively spoke and expressed their support for the guidelines of the Central Economic Work Meeting. They maintained: To implement the guidelines of the Central Economic Work Meeting, we should understand the guidelines, integrate them with Tibet's reality, and specifically formulate feasible measures and procedures. We should regard agricultural work as the most important work in all economic tasks, and never loosen this requirement under any circumstances. The key to restructuring principal enterprises lies in accelerating the establishment of a modern enterprise system and in invigorating enterprises.

The meeting also relayed and studied speeches to the Central Economic Work Meeting by comrades Jiang Zemin, Li Peng, and Zhu Rongji.

Yunnan Public Security Director On Tasks

HK1201052595 Kunming Yunnan People's Radio
Network in Mandarin 1000 GMT 4 Jan 95

[Interview with Feng Jiakun, director of the Yunnan Provincial Public Security Department, by unidentified reporter: date, place not given—recorded]

[FBIS Translated Text] [Reporter] Director Feng, would you please talk about the achievements made by Yunnan's public security organs over the past year in cracking down on criminal activities and safeguarding social stability?

[Feng Jiakun] In the past year, new progress was made in reform, opening up, economic construction, and all other undertakings in Yunnan. Under the leadership of party committees and governments at all levels, the public security organs further reformed and improved their work for the purpose of better serving the general purpose. A series of intensive anticrime actions were taken, and a

number of prominent law-and-order problems were resolved. Up to the end of November, we had cracked more than 39,000 cases of economic and other crimes, an increase of 7.9 percent over the same period last year. In particular, we solved more than 13,000 major criminal cases; seized ill-gotten money and property worth 190 million yuan; smashed a number of lawbreakers haunts; and effectively banned the illegal activities of smuggling, drug-trafficking, gambling, and prostitution. All this greatly purified the social environment.

At the same time, by joining hands with other departments concerned, we properly handled a large number of law-and-order incidents caused by contradictions among the people. We also mobilized and organized the masses to maintain law and order in their own communities. This effectively prevented the occurrence of crimes and vices, maintained social stability, promoted economic development, and made contributions to the peaceful and happy lives of the people of all nationalities in Yunnan.

The public security organs also made progress in the field of preventing corruption among themselves, and a number of advanced collectives and individuals emerged. Some policemen and security cadres sacrificed their lives or shed blood in the course of performing their duties.

[Reporter] Director Feng, what plan do you have for Yunnan's public security work in the coming year?

[Feng] The year 1995 is the last of the Eighth Five-Year Plan, and is also an important year for deepening reform and accelerating the establishment of the socialist market economy structure. Thus public security organs will be facing more arduous tasks. In the new year, we are determined to unite more closely; rely on the masses of all nationalities in Yunnan; fully perform our functions under the leadership of the party committees and local governments at all levels, and under the leadership of the public security departments at the upper levels, continue carrying out an intensive anticrime struggle; take rapid and severe action against various serious criminal activities; further strengthen and improve the management of public order in all aspects; more efficiently improve the law-and-order situation in cities and in areas where many problems still exist; make great efforts to carry out the antinarcotics struggle; eliminate vices and evils in society; effectively carry out measures for the comprehensive management of public order; continue improving the quality of public security personnel; further improve relations between the police and the public; and to make new and greater contributions to Yunnan's reform, development, and stability.

Yunnan's Pu Chaozhu Inspects Prefecture

HK1201095295 Kunming Yunnan People's Radio
Network in Mandarin 1000 GMT 6 Jan 95

[FBIS Translated Text] While facing a great number of tasks this year, how should the party committees at and above the county level take control of the overall situation

of work in all fields? They should follow correct guidelines, give prominence to key points, concentrate energy on four main tasks. This was said by Pu Chaozhu, secretary of the provincial party committee, when inspecting works at the Chuxiong Yi Nationality Autonomous Prefecture between 3 and 4 January. Pu Chaozhu together with Wang Tianxi, standing committee member of the provincial party committee and director of the provincial propaganda department inspected Chuxiong.

The four main tasks stressed by Pu Chaozhu for this year's work are: First, take the study and propagation of Deng Xiaoping's theory on building socialism with Chinese characteristics as a driving force for promoting work in all fields. The study of theory should be linked with practice. Through study, one should understand what socialism is and how to build socialism, thus promoting the development of mass production in society through the emancipation of the productive forces.

Second, strengthen the agricultural foundation and properly handle rural work. The whole province should strive to build 25 million mu of high-yield and stable-yield fields at various levels, and rapidly bring about the upsurge of building farm land, reservoirs, and irrigation works in the winter and spring. Various sizes of reservoirs and irrigation works should be built in a well-coordinated way. The building of new reservoirs and repair of existing ones should be coordinated. Measures suited to local conditions should be adopted to promote substantial development of the township and town enterprises. In the adjustment of the industrial, economic, and ownership structures, developing township and town enterprises is a need and also key for peasants realization of hopes for improving their livelihood. Only when people are well-off can a country become strong. Efforts should be made continuously to develop tobacco and ham production in Yunnan. Input to agriculture should be increased. Effort should be made to popularize practical scientific knowledge and advanced farming techniques in the countryside. New breakthroughs should be made in this regard. Per-unit grain output should be raised through the adoption of advanced cultivation techniques so that gross grain output can be increased. Rural reforms should be carried out more intensively. The compensative transfer of land use rights should be properly arranged. The joint-stock cooperation system should be promoted further among township and town enterprises.

Third, focus this year's reform on the improvement of large and medium-sized state-owned enterprises. Many policies and measures for improving these enterprises have been adopted, but the results are not distinct enough. Some large and medium-sized enterprises are being run successfully. This is because first they have competent managerial personnel, second they produce marketable goods, and third they have adopted advanced technology and have moved toward the path of reform. Effective management and operation mechanisms have been built. We should act

according with the objective laws of the economy. Enterprises that are promising should be developed actively, and those that cannot survive should be left to die peacefully.

Fourth, conduct party building properly. This is the guarantee for fulfilling all tasks this year. In particular, work teams should be properly organized and sent to the rural villages. The work teams should spend one year in the villages. They should first help the poor villages, and the scope of this action should not be too large. Thus, strength can be concentrated to guarantee solid results. They should perform five main tasks, and their work should be appraised according to the five standards. If the village does not measure up to the standards, the work team is not allowed to leave. Party organizations at all levels should arrange their activities according to the requirement of democratic centralism, carry out criticism and self-criticism, and thus increase their combat effectiveness.

North Region

Beijing Secretary Speaks at Work Conference

SK1201060395 Beijing BEIJING RIBAO in Chinese 22 Dec 94 p 1

[By reporter Ding Yatao [0002 0068 7290]: "There Should Be New Breakthrough and New Progress in Organizational Work"]

[FBIS Translated Text] The municipal party committee held a municipal organizational work conference on 21 December to relay the guidelines of national organizational work conference. Chen Xitong, secretary of the municipal party committee, emphasized: In line with the "decision" of the fourth plenary session of the party Central Committee, the guidelines of the national organizational work conference, the outlines of the municipal party committee's three-year plan for strengthening party building, and the requirement for achieving a moderately prosperous life three years ahead of schedule, we should achieve new breakthroughs, new reinforcement, and new progress in Beijing's organizational work next year. We should make new breakthroughs in training and selecting young cadres and new progress in reforming the cadre system and improving the quality of party and government leading cadres.

Chen Guangwen, deputy secretary of the municipal party committee, chaired the conference. Attending were Yang Chaoshi, Ouyang Wenan, Qiang Wei, and Li Yongan, standing committee members of the municipal party committee; and Chen Dabai, vice chairman of the municipal committee of the Chinese People's Political Consultative Conference.

In his speech, Chen Xitong fully affirmed Beijing's achievements in the organizational work. He said: Beijing made headway in the past year in training and selecting young cadres, strengthening the party's grass-roots organizations, improving the ideology and work styles of leading

bodies, and developing the role of noncommunist cadres. This was attributed to the concerted efforts exerted by the party organizations, organization departments, and personnel departments at all levels in the municipality under the leadership of the party Central Committee and the municipal party committee. The achievements were not won easily. By summarizing the work experiences of the past year, we should further unify our thinking, remove obstacles, and make Beijing's organizational work still better. Tasks are arduous next year, which is the last year of the Eighth Five-Year Plan period and a crucial year for Beijing to achieve a moderately prosperous life three years ahead of schedule. The organizational front should meet the needs of the new situation, conscientiously study and implement the guidelines of the speeches given by central leading comrades at the national organizational work conference, and achieve new breakthroughs, new reinforcement, and new progress. If the organizational work falls behind, it will be difficult to achieve a moderately prosperous life three years ahead of schedule. The most important work for the present is to conscientiously implement the "decision" of the fourth plenary session of the party Central Committee and the various tasks put forward in the outlines of the municipal party committee's three-year plan for strengthening party building. When targets and plans are defined, the key is to carry them out firmly to achieve overall progress in next year's organizational work and make breakthroughs in key areas.

Chen Xitong said: Thanks to the hard work of the party committees, organization departments, and personnel departments at all levels in the municipality as well as the support and assistance of old comrades, Beijing did make breakthroughs in training and selecting young cadres, which, however, still falls far behind the requirements put forward in Comrade Jiang Zemin's speech given at the national organizational work conference. Therefore, further efforts are required to emancipate the mind and overcome the numerous incorrect and confused understandings. In view of this, Chen Xitong put forward four requirements. First, we should have strategic foresight. Judging from the current composition of leading bodies, young cadres still account for a small proportion, and we have no reason whatsoever to feel complacent over the achievements already scored. We must note that training and selection of young cadres is a major issue concerning whether we have successors to carry on the causes of the party and the people. We should make continuous efforts to enhance our awareness in training and selecting young cadres from the perspective of adhering to the party's basic line for 100 years without wavering and ensuring the lasting order and stability of the state and also from the perspective of persisting in the great cause of building and developing socialism with Chinese characteristics. Second, we should have a sense of crisis and urgency. We should overcome the idea thinking our work is "good enough." Slow pace will not succeed, and it is not correct to think that "things will eventually sort themselves out." "Making a frantic last-minute effort," we cannot successfully select successors. We should enable young cadres to develop

their talent as soon as possible. Third, we should have a communist's breadth of mind. Attaching importance to the causes of the party and the people and proceeding from the interests of the party and the people, we should correctly treat the advantages and deficiencies of young cadres with a statesman's breadth of vision, have the courage to give them burdens, do not fear if they tumble, and refrain from giving them only "empty baskets" to bear. Only when young cadres undergo training can they grow better yet. Fourth, we should have a firm determination. A correct determination comes from a correct understanding; and when our understanding is enhanced, our determination will be firm. With outstanding young cadres in front of us, we will be able to achieve new breakthroughs in training and selecting outstanding young cadres.

Chen Xitong pointed out: In next year's organizational work, we should make new headway in reform the cadre system. Beijing has conducted reform in the exchange, employment, training, and retirement of cadres over the past few years. In coordination with the state's implementation of the public servant system, we should combine the reform of the personnel system related to cadres with the principle of the party taking charge of cadres, conduct explorations, and summarize experiences to achieve improvement. Whatever reform measures we take, we should always uphold the principle of the party taking charge of cadres. We should strengthen party leadership, both political leadership and organizational leadership. This is a need of the people's causes.

Chen Xitong said: When training and selecting young cadres, we should strive to improve the quality of the current party and government leading cadres. In addition to adopting the existing training measures, party committees of all districts, counties, and bureaus as well as neighborhoods, towns, and townships should successfully run party schools—an important base for training and educating party members and cadres. Leading cadres at all levels should continuously intensify theoretical study, upgrade their accomplishment in the basic Marxist theory, enhance their understanding of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, and combine all this with their study of professional knowledge in order to improve their leadership level.

Hebei Provincial Planning Conference Ends

SK1201014395 Shijiazhuang HEBEI RIBAO in Chinese 22 Dec 94 p 1

[By reporter Wang Bingwei (3769 0365 0251): "Regard Controlling the Excessively Rapid Increase in Prices as a Top Priority Task"]

[FBIS Translated Text] The three-day provincial planning conference ended in Shijiazhuang on the morning of 21 December. The conference made arrangements for next year's national economic and social development plans. Chen Liyou, executive vice governor, gave a speech at the conference.

The conference pointed out: The planning departments at all levels should act in line with the overall plan of the provincial party committee and government on next year's economic work, conscientiously implement it, and prominently grasp five aspects of working well. First, we should regard controlling the overly rapid increase in prices as a top priority. In arranging the plans, first of all, we should pay attention to the total social supply and demand and the structural balance. At present, special support should be given to the production of major farm products, such as grains, cotton, and oil, the building of "vegetable plots" and "vegetable baskets," and increase the supply of essential basic farm and sideline goods such as meat, eggs, vegetables, and milk. It is necessary to deeply analyze and study our province's present consumption fund situation and problems and specifically raise policies and measures for controlling the overly rapid increase in consumption funds. Second, we should regard striving to raise the quality and efficiency of economic growth as the focus of attention while arranging the plans. We should conduct deep investigation and study, further set forth measures for raising the quality and efficiency of our province's economic growth, set forth structural readjustment plans for various trades during the first half of next year, and seek efficiency by optimizing the structures and promoting scientific and technological progress. Third, we should promote the coordinated development of the primary, secondary, and tertiary industries. Judging from the plans assigned by the provincial authorities, we should raise the proportion of agricultural investment in the total investment, give priority to the building of water conservation and commodity grain bases and agricultural comprehensive development, select some agricultural scientific and technological items and strengthen investment in agricultural science and technology, and devise plans for farmland protective areas and guarantee a stable increase in basic agricultural products. The planning commissions should also take the lead in coordinating with relevant departments to grasp the task of accelerating the development of tertiary industry. One thing we should stress is that simultaneous attention should be given to both traditional industry and the burgeoning industries. It is necessary to improve the policies and measures for promoting the development of tertiary industry. Fourth, we should regard using foreign capital as one of the important tasks of the planning departments. In the items on using foreign capital, we should lay equal stress on the urban and rural areas, on the primary, secondary, and tertiary industries, and on large, medium-sized, and small projects. We should work together with relevant departments to improve the tangible investment environment for foreign businessmen, reduce examination and approval procedures, and raise work efficiency. Planning departments should work together with the relevant departments to study ways to solve the issue on the supporting funds, and provides methods to solve it. Fifth, we should further promote social progress and a coordinated social development. Under the socialist market economic conditions, especially in the social development sphere and public welfare social undertakings, we should rely all the more on government

efforts to increase investment through planning. The planning departments at all levels should realistically grasp this work firmly and successfully.

Inner Mongolia Party Congress Concludes

SK1201035795 Hohhot NEIMENGGU RIBAO in Chinese 24 Dec 94 p 1

[By reporter Shen Sixiang (3088 1835 3276): "The Sixth Inner Mongolia Autonomous Regional CPC Congress Concludes Successfully"]

[FBIS Translated Text] The Sixth Inner Mongolia Autonomous Regional CPC Congress successfully concluded in Hohhot on the afternoon of 23 December after fulfilling all of its tasks.

The congress called on the communist party members, cadres at all levels, and the masses of various nationalities throughout the region to rally more closely round the party Central Committee with Comrade Jiang Zemin as the core and, under the leadership of the sixth Inner Mongolia Autonomous Regional CPC Committee, to emancipate the mind, seek truth and be innovative, work in unison, bravely venture forward, and strive to attain the second-step strategic goal of the region.

Comrade Liu Mingzu chaired the congress; and Comrade Wu Liji gave the concluding speech.

A total of 590 delegates were present at the session on the afternoon of 23 December.

Those seated on the front row on the rostrum were Liu Mingzu, Wu Liji, Qian Fenyong, Bai Enpei, Wang Zhan, Ting Mao, Wang Duo, Batubagen, Hao Xiushan, Shi Shengrong, Wuyunqimuge, Feng Qin, and Peng Cuifeng. Guo Lin and Wang Liping from the organization department of the CPC Central Committee were also present and seated on the rostrum. Also seated on the rostrum were other members of the presidium of the congress, nonparty vice chairmen of the autonomous regional people's congress standing committee, nonparty vice chairmen of the autonomous regional committee of the Chinese People's Political Consultative Conference, and major responsible persons of the various democratic parties of the autonomous region.

Voting by a show of hands, the congress unanimously approved the "resolution of the Sixth Inner Mongolia Autonomous Regional CPC Congress on the report of the fifth Inner Mongolia Autonomous Regional CPC Committee" and the "resolution of the Sixth Inner Mongolia Autonomous Regional CPC Congress on the work report of the Inner Mongolia Autonomous Regional CPC Discipline Inspection Commission."

The congress held a plenary meeting on the morning of 23 December. The 590 participating delegates elected, through secret ballot, members and alternate members to the sixth Inner Mongolia Autonomous Regional CPC Committee and the members of the Inner Mongolia

Autonomous Regional CPC Discipline Inspection Commission. Fifty-one persons were elected members and nine were elected alternate members to the sixth party committee; and 33 persons were elected members of the discipline inspection commission. Warm applause broke out in the meeting hall when the names of those elected were read out.

At the fifth meeting of the presidium held on the morning of 23 December, the chief ballot supervisor gave a report on the result of the ballot counting for the elections of the party committee and the discipline inspection commission. The meeting approved the dates for the first plenary session of the sixth autonomous regional party committee and for the first plenary session of the discipline inspection commission, and named the conveners of the two sessions. It also made arrangements for the first plenary session of the discipline inspection commission to report the election results to the first plenary session of the party committee.

Wu Liji said in his speech: The Sixth Inner Mongolia Autonomous Regional CPC Congress has successfully carried out all the listed items on the agenda thanks to the concerted efforts of all the delegates. Focusing on the historical tasks of achieving moderate prosperity and establishing an initial system of the socialist market economy, this party congress defined the goals and major measures that are to be attained by the end of this century; and elected the sixth Inner Mongolia Autonomous Regional CPC Committee and the discipline inspection commission. A democratic, realistic, harmonious atmosphere prevailed in a congress, which was characterized by unity, encouragement, and a pioneering spirit. Following this congress, party organizations at all levels and the vast number of communist party members throughout the region should swing into action; adhere to the theory of building socialism with Chinese characteristics and along the party's basic line; and unite and lead the people of various nationalities in the region to uplift spirit, work in unison and in a down-to-earth manner, implement to the letter all the tasks put forward at this congress, and usher in the 21st century with the fruitful results in reform, opening up, and the drive for modernization.

At 1450 that day, all the delegates rose for the playing of the national anthem. After this, Comrade Liu Mingzu announced the successful conclusion of the Sixth Inner Mongolia Autonomous Regional CPC Congress.

Northeast Region

Jilin Museum, Company Leaders Punished for Fire

OW1201004695 Beijing XINHUA Domestic Service in Chinese 1400 GMT 28 Dec 94

[FBIS Translated Text] Changchun, 28 Dec (XINHUA)—A total of 18 people who were found responsible for the extremely serious 15 November fire accident in Jilin City were seriously dealt with recently.

On 15 November 1994, a great fire occurred at Yindu Company (also known as "Yindu Night Club") in Jilin City. The fire brought ruin to a museum and a library in the same building, destroying 6,800 square meters of the building's floor space and causing a direct economic loss of 6.71 million yuan. More than 7,000 cultural relics kept at the museum, as well as one dinosaur fossil owned by Heilongjiang Province and displayed at the museum on its tour exhibition, were destroyed in the fire, which also killed two people.

The CPC Central Committee and the State Council paid great attention to the fire. The Jilin Provincial CPC Committee and Government urged relevant departments to discover the cause of the fire promptly and take resolute actions to seriously deal with those who were responsible.

After investigations conducted by public security departments and appraisals by experts, it was believed that the fire was purposely set by someone. The case is now under investigation. It was discovered that the management personnel of Yindu Company, a Sino-foreign joint venture, seriously violated relevant regulations governing fire protection and ignored their duty and that leaders of the Jilin Construction and Development Group Company in Jilin Province, a unit representing the Chinese investor, seriously neglected their duties. It was also discovered that leaders of the city's museum and Bureau of Culture seriously violated relevant regulations of the state by lending a part of the museum building to Yindu Company, which failed to adopt effective fire-fighting measures and which led to tremendous losses.

The Jinlin Provincial CPC Committee and Government decided to punish the following personnel who were responsible for the fire:

Relevant leaders and personnel of the Jilin Construction and Development Group Company who were seriously neglecting their duty should be held directly responsible for the accident. Liu Kai, president, standing party committee member, legal representative, and chairman of Yindu Company, was punished by being relieved of any post inside and outside of the party. Song Mingzhu, former vice president of the company (current deputy director of Jinlin City's Construction Materials Bureau) was placed on probation within the party for one year and relieved of all administrative posts. Han Shi, deputy secretary of the party committee and director of the company, was placed on probation within the party for one year. Cai Chuanlong, political commissar and deputy director of the Public Security Department of the company, was placed on probation within the party for one year and relieved from all administrative posts. Luan Yongji, vice president of the company, who died in the accident, was deprived of his party membership. Su Tongliang, Wang Zhe, and others who were in charge of security and service were arrested by a judicial organ for further investigation.

In violation of relevant regulations, leaders and relevant personnel of the museum in Jilin City put a part of the museum building up for rent and failed to carry out the

measures for fire protection required by the fire department and higher authorities. They should be held directly responsible for the tremendous losses caused by the fire. Wang Tiexia, director of the museum, was deprived of his party membership and relieved from all administrative posts. He was arrested by a judicial organ for further investigation. Liu Yunjiu, deputy director of the museum, was placed on probation within the party for one year and relieved from all administrative posts. Wang Junzhang, chief of the security section of the museum was relieved from all administrative posts.

Leaders of Jilin City's Bureau of Culture seriously neglected their duty by approving the lease of a part of the museum building in spite of relevant regulations. They also failed to take effective measures to prevent hidden dangers in the museum. Yang Xueyan, former director of the Bureau of Culture who is now retired, was placed on probation within the party for one year. Li Guibin, director of the Bureau of Culture was given a serious warning by the party and recorded a serious administrative mistake. Zhao Tinggui, deputy director of the Bureau of Culture was deprived of his party membership and relieved from all administrative posts. He was sent to a judicial organ for investigation.

Tang Chuanshun, deputy director of Jilin City's Public Security Bureau, who was in charge of fire prevention, was administratively responsible for this exceptionally serious fire accident because he was slack in his work in inspecting and improving hidden dangers existing in the company. He was given a serious warning by the party.

Zhan Yuechang, deputy secretary and mayor of Jilin City, was administratively responsible for this exceptionally serious fire accident. He was given a serious warning by the party and it was recorded as serious administrative mistake. Chen Fu, vice mayor who was partially in charge of fire prevention, was held for important administrative responsibility in this exceptionally serious fire accident. He was given a serious warning by the party and relieved from his administrative post in accordance with legal procedure. Xu Zuoxiang, vice mayor who was partially in charge of cultural and education affairs, was administratively responsible for this exceptionally serious fire accident. He was recorded as having made a serious administrative mistake. Xin Shiyi, vice mayor who was partially in charge of urban development, was administratively responsible for this exceptionally serious fire accident. He was recorded as having made an administrative mistake.

To conscientiously carry out the work of fire prevention, the Jilin Provincial Government consecutively held a television and a telephone conference after the 15 November fire accident. During the meetings, plans for safety production and fire prevention were made. A comprehensive inspection on fire prevention was conducted in the province and solid improvement was made to address hidden dangers that were found during the inspection.

Jilin Sentences 21 Criminals to Death

SK1201023795 Changchun JILIN RIBAO in Chinese
29 Dec 94 p 1

[By reporter Li Yong (2621 0516): "Changchun City Openly Sentences 35 Criminals"]

[FBIS Translated Text] On 27 December, the Changchun city intermediate people's court held a meeting to openly sentence, according to laws, 35 criminal offenders who seriously jeopardized public order. Of them, 21 criminals, including Meng Xiangwei and Hao Fengmin, were sentenced to death and deprived of their lifelong political rights, and the rest were sentenced to death with a stay of execution, imprisonment for life, or set term of imprisonment.

Seriously jeopardizing public order and the safety in the people's life and property, some of these 35 criminals, ganged up with others to loot rented cars and killed the drivers with firearms; some murdered others for revenge, and some adopted the means of breaking doors and locks to wantonly steal public and private property.

After the meeting, 21 criminal offenders, including Meng Xiangwei, were escorted to the execution ground and executed by shooting.

Northwest Region

Gansu Leaders Address Provincial Meeting

HK1201094995 Lanzhou Gansu People's Radio
Network in Mandarin 2300 GMT 6 Jan 95

[FBIS Translated Excerpt] A provincial economic work meeting opened in Lanzhou yesterday afternoon to analyze Gansu's economic situation, to reach unanimity of understanding, and to discuss and decide the guidelines for economic work in 1995. Vice Governor Guo Kun presided over the meeting. Secretary Yan Haiwang and Governor Zhang Wule made important speeches at the meeting.

Yan Haiwang said: The guidelines for 1995 economic work are: Upholding Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line; comprehensively implementing the instructions of the 14th CPC National Congress and the Third and Fourth Plenary Sessions of the 14th CPC Central Committee; comprehensively carrying out the instructions of the central economic work meeting; using the policy of seizing the opportunity, deepening reform, widening the opening up scope, stimulating development, and maintaining stability to master the overall situation; properly handling of the relation between reform, development, and stability; expediting the establishment of the socialist market economic structure; paying attention to actual results; and bringing about sustained, rapid, and healthy economic development and overall social progress.

About this year's economic work, Yan Haiwang stressed the importance of correctly understanding the following

points: 1) Correctly analyzing the situation and reaching unanimity of understanding; 2) stimulating the rural economy with the aim of increasing grain production and the peasants' income; 3) deepening economic structural reform with the focus on state-owned enterprises and improving the quality and efficiency of industrial economy; 4) strengthening and improving macroeconomic regulation and control and curbing inflation; 5) strengthening basic facilities construction and widening the opening up scope; and 6) strengthening party leadership over economic work and its control over the overall situation. [passage omitted on names of other participants]

In his speech, Governor Zhang Wule pointed out: The main tasks in this year's economic work are: Strengthening the position of agriculture as the foundation of the national economy; curbing inflation; deepening enterprise reform; improving large and medium-sized enterprises; strengthening capital circulation; improving the quality and efficiency of economic operations; and bringing about sustained, rapid, and healthy national economic development.

Governor Zhang Wule continued: Last year the national economy maintained a comparatively fast development trend. The main indices were fulfilled one year ahead of the Eighth Five-Year Plan. There was a comparatively good agricultural harvest despite serious natural disasters, with a total output of 7.069 billion kg of grain. The peasants' per capita net income was estimated at 722 yuan. All major reforms proceeded smoothly. Opening up to the world continued to gain momentum. Industrial, transportation, financial, and trade departments tackled all sorts of difficulties and fulfilled their tasks. Key construction projects proceeded faster than before. Basic facilities improved a great deal.

About this year's economic work, Zhang Wule stressed: First we must maintain an appropriate growth rate, take development as being the last word of the departure point, and increase revenue on the basis of last year's fulfilled target. We must develop agriculture and the rural economy; help the poor become better off on the one hand, and proceed with the project of moderate prosperity on the other. Efforts must be made in such a way that grain output reaches 7.8 billion kg. Industry, transportation, finances, and trade must be well organized and their coordination must be strengthened to improve their efficiency. Price hikes must be controlled and inflation must be curbed. Agricultural production and the shopping basket project must be made a success. Good arrangements must be made for wage earners in poor areas. Economic structural reform must be carried out well with the focus on enterprises. The opening up scope must be further widened. We must encourage foreign investors to exploit Gansu's energy resources and develop infrastructural projects. Capital must be properly raised and used to improve its utility rate.

Report Reviews Qinghai Discipline Inspection Work

HK1201101595 Xining Qinghai People's Radio Network in Mandarin 2300 GMT 5 Jan 95

[FBIS Translated Text] In 1994, the provincial commission for discipline inspection and the provincial supervision department paid close attention to the honesty and self-discipline of cadres at and above the county and office level, resolutely investigated and handled a number of law-breaking and discipline-violating cases, and achieved certain results in anti-corruption work.

From 1994 onwards, acting according to the requirements set by the Central Commission for Discipline Inspection and the Central Party Committee's Organization Department and in light of actual conditions, the provincial commission for discipline inspection and the provincial supervision department have paid close attention to the three types of anti-corruption work and have planned the work of holding special democratic meetings for cadres at and above the county and office level. Up to late last June, the provincial party committee, the provincial government, the provincial people's congress, the CPPCC provincial committee, the party committees and governments of eight autonomous prefectures, prefectures, and cities and 76 commissions, departments, and bureaus directly under the provincial authorities, and 15 enterprises and institutions at the prefecture level called special democratic meetings on honesty and self-discipline according to regulations. Over 90 percent of cadres at the provincial, department, and county levels took part in the studies, carried out self-examination, and exercised self-discipline. Leading cadres, particularly party and government heads, took initiative in self-examination and in finding out where problems existed. Eight cadres at the department and county level returned 380,000 yuan in loans used for building their own houses and for entertainment; and 14 others handed in over 10,000 yuan of travelling funds and negotiable securities. Meanwhile, the provincial commission for discipline inspection and the provincial supervision department have also given play to the overall superiority of party and government supervision and devoted their energies to investigating and handling a number of law-breaking and discipline-violating cases. From last January to November, organs in charge of discipline inspection and supervision throughout the province received petitions and tip-offs from the masses on more than 5,500 occasions and were called on to investigate over 2,100 cases, among which 500 were placed on file for investigation and prosecution and 300 others for investigation. A total of 179 people were punished according to party discipline and nearly 200 suffered political punishments, including 22 cadres at the county and office level and five cadres at the department level; and over 4 million yuan of economic losses were retrieved on behalf of the state.

In addition, the provincial commission for discipline inspection and the provincial supervision department also investigated and implemented a decision on the major dike-bursting incident at Gouhou reservoir in Gonghe

county and corrected unhealthy tendencies in party and government organs, such as severing ties with economic entities run by them, purchasing cars in violation of the regulations, and occupying and using enterprise property without compensation.

In 1994, the provincial commission for discipline inspection and the provincial supervision department inspected the situation of law enforcement by firmly centering on major reform measures laid down by the central authorities and the provincial party committee, measures for strengthening macroeconomic regulation and control, and the work of transforming the enterprise operating mechanism and of lightening peasants' burdens. As far as relevant departments and some of the localities were concerned, the work of lightening peasants' burdens, commodity prices, the practice of indulging in extravagant eating and drinking, and the conscription work were under scrutiny.

With supervision and inspection, various erroneous and discipline-violating practices in the process of implementing the party's line, principles, and policies and state laws and regulations were stepped in good time and rules and regulations were set up and perfected, thus enabling targets under supervision to administer according to law and to be honest and highly efficient in performing their duties, upholding the central authorities' and the provincial party committee's authority, and ensuring the smooth implementation of government decrees.

On 3 January, the provincial commission for discipline inspection and the provincial supervision department called a year-end summing-up meeting. Doba, member of the provincial party committee standing committee and secretary of the provincial commission for discipline inspection, pointed out after fully affirming the achievements in the discipline inspection work last year: Our province has achieved phase results in the anti-corruption struggle, but they are not very firm and the development is not balanced. As far as the province wide discipline inspection work in 1995 is concerned, we must continue to pay attention to key work, make greater efforts to investigate and deal with cases, conscientiously accomplish the

building of party conduct and a clean government within party and government departments, check the unhealthy tendencies in various trades, and strengthen the building of our own contingent.

Xinjiang's Wang Lequan Interviewed by Japanese
*OW1001143495 Urumqi Xinjiang Television Network
in Mandarin 1330 GMT 5 Jan 95*

[Announcer-read report over video by reporter Su Lati (5685 2139 2251); reporter identified by caption; from the "Xinjiang News" program]

[FBIS Translated Text] [Video begins with a closeup of Wang Lequan and switches to pan shots showing several Japanese reporters interviewing him]

This morning Acting Secretary of the Regional Party Committee Wang Lequan granted an interview to reporters of the Japanese NHK television station's filming team for a serial report on China.

The TV serial report on China is a full size TV report filmed by the NHK television station to introduce the general situation of development in modern China. The fourth part of the report will fully introduce Xinjiang's situation.

Wang Lequan told Japanese reporters that reform and opening up have promoted economic development in Xinjiang and that economic development has in turn established a firm foundation for the unity of people of various nationalities in the autonomous region. He said: Xinjiang has vast land with abundant natural resources. Now many foreign enterprises and large companies have made investments or expanded business in Xinjiang. Xinjiang's foreign trade is increasing by an average of 20 percent each year. Its total amount of foreign trade in 1994 exceeded \$1 billion.

Wang Lequan said: Now the state has laid stress on making investment in Xinjiang. The state invested 13.5 billion yuan in Xinjiang last year. We are confident that, by the end of this century or early next century, we can enable the people to lead a fairly comfortable life along with people of the whole country.

Taiwan Notary Delegation Arrives in Beijing

HK0901144495 Beijing ZHONGGUO XINWEN SHE
in English 0849 GMT 9 Jan 95

[FBIS Transcribed Text] Beijing, January 9 (CNS)—A 12-member notary delegation, headed by Shi Hwei-you, deputy secretarial general of the Straits Exchange Foundation (SEF), of the Taiwan-based SEF arrived in Beijing on January 8, 1995 at invitation of the Mainland-based Association for Relations Across the Taiwan Straits (ARATS) and the Association of Notary of China (ANC).

The delegation's visit to the Mainland is aimed at making clear the notarial system in the Mainland, promoting contacts and exchanges between notaries of both sides of the Taiwan Straits and exchanging views on concrete matters in implementation of "the Agreement on Use and Verification of Notarial Certificates Between the Two Sides of the Taiwan Straits".

This is the first time for notaries from the two sides to meet together to exchange their viewpoints.

The delegation will visit several cities in the Mainland including Beijing, Shanghai, Xiamen and Guangzhou.

Beijing To Promote Exchanges of Journalists

HK1201012495 Beijing ZHONGGUO XINWEN SHE
in English 1359 GMT 11 Jan 95

[FBIS Transcribed Text] Beijing, January 11 (CNS)—The Information Department of Taiwan Affairs Office under the State Council will as always try hard to further promote journalist exchange between two sides of Taiwan Straits,

provide services for Taiwan journalists as well as help the Mainland's journalists to visit Taiwan, said Chang Ming-qing, director of the Information Department of the Taiwan Affairs Office under the State Council when interviewed by the journalists from Taipei "Central News Agency" today.

Mr. Chang said that the Mainland would continue its efforts to promote journalist exchange between both sides of the Taiwan Straits this year. He also hoped to see a better development in this respect, an expanding scale and a wide range of interview subjects and forms. Manpower in the department has at present been increased, and work efficiency, he said, was expected to be enhanced.

At present, the department is planning to continuously organize joint visits of the journalists of two sides of the Straits this year. Journalists of Taiwan are expected to put forward their suggestions for the main topics, time, location and planning.

Mr. Chang also talked about his own point of view about the principle of press exchange between both sides of the Straits.

The coverage of the relations between two sides of the Taiwan Straits should be made in the interests of development of the relations between the two sides, said Mr. Chang, and it is the responsibility of the journalists of the two sides. Though there is at present difference in news ethics, orientation and value judgment between the two sides, upholding coverage of facts is the common characteristic of both sides. Untruthful report will affect the understanding and judgment of the people towards each other.

President on 'Necessity' of Judicial Reform*OW1201025095 Taipei CNA in English 0145 GMT 12 Jan 95*

[By Bear Li]

[FBIS Transcribed Text] Taipei, Jan. 11 (CNA)—President Li Teng-hui said on Wednesday [11 January] that social pluralization has left the existing legal system lagging behind, making judicial reform a necessity.

Li made the remarks while addressing a gathering celebrating Judicial Day. Li, in his 1995 New Year's day message, listed judicial reform as one of the three "engineering projects" that the government has to carry out in an effort to build the ROC [Republic of China] into a modern nation.

He said that disorder has arisen during the current social transitional period. "We are getting lost between democratization and disorder," he added. [sentence as received] Li said that only by streamlining judicial operations can the disorder be redressed.

He urged judicial officials to enhance discipline, improve efficiency and strengthen communications with the general populace so as to help solidify the rule of the law.

Hsu Comments on Operations Hub Task Forces*OW1201025195 Taipei CNA in English 0139 GMT 12 Jan 95*

[By Bear Lee]

[FBIS Transcribed Text] Taipei, Jan. 11 (CNA)—Hsu Li-te, the vice premier and chairman of the Council for Economic Planning and Development said on Wednesday [11 January] that the government will soon form two task forces to push ahead with the Asia-Pacific operations hub project.

He said that the proposed "coordination and service center team" will be responsible for coordinating with relevant government agencies and mapping out detailed plans for absorbing investment, while the "investment promotion team" will be responsible for making overseas tours to solicit foreign investment.

Saying the nation cannot afford to have the operations hub plan fail, Hsu added that the government will speed up the timetable for carrying out the "century-straddling" project.

He also disclosed that several renowned multinational firms, including IBM and Motorola, have expressed desire to expand their operations into Taiwan and become part of the Asia-Pacific operations hub project.

Vice Foreign Minister on Handling Crises*OW1201022595 Taipei CNA in English 0122 GMT 12 Jan 95*

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, Jan. 11 (CNA)—Vice Foreign Affairs Minister Chen Hsi-fan told the Legislative Yuan on Wednesday [11 January] that the government would be capable of handling a diplomatic crisis in a swift and flexible manner.

"The pullout from the United Nations in 1971 was the most severe diplomatic crisis that has ever challenged the Republic of China [ROC] government," Chen said in a report to the joint session of the legislature's Foreign Affairs and Overseas Chinese Affairs Committees.

He recalled that the country was able to tackle the crisis thanks to the Foreign Ministry's measures to consolidate ties with other countries as well as the effective countermeasures worked out by a small group of decision-making officials, led by then-President Chiang Kai-shek.

The Executive Yuan, taking after countries like the United States, Britain, and Germany, set up an ad-hoc task force more than a year ago to handle diplomatic crises that could "threaten the country's interests," Chen said. "The ad-hoc group has since then been running well," he said. The group is headed by Premier Lien Chan.

Because of the group, Chen maintained, the ROC's official ties with South Africa, the Holy See and Latin American countries have remained "stable." There had been reports that Pretoria would suspend official links with Taipei after Nelson Mandela, the first black president in that country, was inaugurated in May.

Chen admitted that President Li Teng-hui's attendance at Mandela's inauguration helped solidify bilateral ties. He added that the ROC has provided only US\$100 million in economic aid to South Africa, and not the US\$400 million that has been reported.

ROC diplomats are required to report to the government and recommend countermeasures whenever the countries in which they are stationed plan to or have cut off ties with the ROC, whenever the national interest is endangered by other countries or international organizations, or [word indistinct] ROC nationals, aircraft and ships encounter contingency crises abroad, Chen noted.

He rejected a suggestion of [words indistinct] legislator that the handling of such crises be regulated, saying such a policy would not be flexible enough.

Political Warfare Deputy Directors Appointed*OW1201021895 Taipei CHUNG-YANG JIH-PAO in Chinese 31 Dec 94 p 2*

[FBIS Translated Text] According to a Defense Ministry news briefing on 29 December 1994, with the approval of General Liu Ho-chien, chief of General Staff, Lieutenant General Li Chi-lin [2621 7784 7792], head of the Political Warfare Planning Committee, and Lieutenant General Huang Wei-sung [7806 0251 1549], director of the Political Warfare Department under the Army General Headquarters, have been transferred to serve as deputy directors

of the General Political Warfare Department. The order on the personnel change takes effect on 1 January 1995.

It has been learned that the vacancy left by Lieutenant General Li Chi-lin in the Political Warfare Planning Committee will not be filled temporarily, but will be left open for a future personnel appointment; however, the position of the director of the Political Warfare Department under the Army General Headquarters will be filled by Major General Chen Hsing-kuo [7115 5281 0948], director of the Political Warfare Department of the Combined Service Forces. In a related event, the position of director of the Political Warfare Department of the Combined Service Forces will be filled by Major General Wei Jia-ching, director of the General Welfare Department; Major General Tien Shu-hsun [3944 2885 0534], director of the Political Warfare Department of the Military Police Headquarters, will serve as the new director of the General Welfare Department, and the vacancy left by him will be filled by Major General Wang Wen-yu [3769 2429 3558], director of the Political Warfare Department of the War College under the Armed Forces University.

An official of the General Political Warfare Department has noted that the Political Warfare Planning Committee under the General Political Warfare Department has been set as one of the units to be merged with other organizations or to be eliminated in the five-year plan to streamline the National Army. Therefore, after Director Li Chi-lin is transferred, the vacancy will not be filled for the time being. A Defense Ministry spokesman indicated that Lieutenant General Li Chi-lin, new deputy director of the General Political Department, was born in 1936 and is a graduate of the Political Warfare College and the War College of the Armed Forces University. He has served as director of the Political Warfare Department at the divisional, army, and regimental levels and as political warfare director of the Armed Forces University and the Combined Service Forces.

Lieutenant Wang Wen-yu was born in 1938. A graduate of the Political Warfare College and of the War College of the Armed Forces University, he has served as director of political warfare at divisional and army corps headquarters, Matsu Defense Headquarters, and Kinmen Defense Headquarters.

Chen Hsing-kuo, new director of Political Warfare Department of the Army Headquarters, is a graduate of the Political Warfare College. He has served as political warfare director at the Kinmen Defense Headquarters and is currently political warfare director of the Combined Service Forces.

Wei Jia-ching, new director of the Political Warfare Department of the Combined Service Forces, is a graduate of the General Political Warfare College. He has served as director of the information department, and concurrently spokesman of the Defense Ministry; director of the Political Warfare Department of the 10th Army Corps; deputy principal of the Political Warfare College; and is currently director of the General Welfare Department.

Tien Shu-hsun, new director of the General Welfare Department, attended the 13th class of the Political Warfare College. He is currently political warfare director of the Military Police Headquarters; his successor is Wang Wen-yu, who attended the 14th class of the Political Warfare College. He is currently political warfare director of the War College of the Armed Forces University.

*Dissident Views Nuclear Issues, Politics

95CM0037A Taipei HSIN HSIN WEN [THE JOURNALIST] in Chinese No 394, 1 Oct 94 pp 38-41

[Interview with Lin Yi-hsiung (2651 5030 7160) by HSIN HSIN WEN reporters Lin Yin-chiu (2651 3853 4428) and Chen Chung-sheng (7115 6850 3932); place and date not given: "The Road from Politics to Social Movement"]

[FBIS Translated Excerpt] Mr. Lin Yi-hsiung, a symbol of the suffering of the Taiwan people, plans to launch a 30- to 40-day walkathon around the island to drum up public support for a referendum on the construction of the no. 4 nuclear power plant. This is the first such event in the social movement history in Taiwan. [passage omitted] On the eve of Lin Yi-hsiung's departure, this magazine sent reporters to the Tzu-lin Foundation during the night to interview him and ask him to talk about his anti-nuclear thinking, his philosophy on social movements, his experiences over the years, and even the presidential election.

[HSIN HSIN WEN]: Would you describe the thinking behind the walkathon designed to drum up public support for a referendum on the construction of No. 4 nuclear power plant?

[Lin Yi-hsiung] By calling for a referendum to let the people of Taiwan decide through the ballot box whether or not the nuclear power plant should be built, we hope to fire up their sense of being masters and nurture their ability to exercise their rights and assume their responsibilities as masters. We hope the walkathon will be the first step in waking up a sleeping people and a sleeping land and publicizing the idea of holding a referendum on the project. We also want to use the event to recruit volunteers who are interested in sharing our work and advancing the nuclear power plant referendum movement.

We are convinced that Taiwan's destiny rests in the hands of the people of Taiwan. Turning Taiwan into a paradise depends utterly on the people's consciousness and hard work. That's why we sincerely invite conscientious Taiwanese to join the ranks of our movement and wage a valuable and profoundly significant struggle for the harmony and beauty of this land, for the existence and dignity of this nation.

I have planned the movement to last two years, with the referendum to be held at the end of that period. If it fails, I'll retire.

[HSIN HSIN WEN] Earlier you were a political figure. Then something unforeseen happened in your family. Now

you have turned your back on political gains and losses and are committed to being a volunteer in social movements all your life. Can you explain this psychological transformation?

[Lin] I think you cannot separate social movement workers from political movement workers. People who take part in politics, particularly those who were involved in the early extraparty movement and social movement, were essentially driven by a desire to change this society. In other words, they were to some extent unhappy with the status quo in society and wanted to change it. So they took part in political reform, but some also got involved in social movements. These were but different parts of social reform as a whole. You cannot say that people in political movements are different from their social movement counterparts. Their basic philosophy is the same.

[HSIN HSIN WEN] Does your devotion to social movement in recent years have anything to do with the misfortunes in your family?

[Lin] There is no direct relationship. But changes in my family and the jail term did make me think long and hard about life and spend more time contemplating how I would like to spend my life and sort out my past values and philosophy of life. I have always thought that fulfilling one's responsibilities to the public is a meaningful thing, but in the past I also looked upon the pursuit of the good life with envy. Today, however, I do not think eating and dressing well has any meaning. Now I am very sure I want to spend my life pursuing reason and what is good for the public.

[HSIN HSIN WEN] Political figures typically go after power and position. In your social movement work, however, you seem to give all the time without expecting any return. What accounts for your indifference to power and position?

[Lin] Even when I was running for the provincial assembly, I did not see the position of a provincial assemblyman as being of any significance to myself. All that a seat on the provincial legislature did was to enable me to carry out reform. Just a job. The higher the position, the heavier the responsibilities. The position was of no value to me. I do not think what I am doing now is of less value than sitting on the provincial assembly or even the Legislative Yuan. On the contrary, I think my present work is more meaningful. All that a provincial legislator can do is to bring about some minor changes within the system without, however, disrupting it. A successful social movement, on the other hand, can shake up the system, which will do more to bring about social reform. Perhaps I do not see political power the way most people do. From my experience as a provincial assemblyman, I do not think you can contribute much to society by holding public office. In any case many people are in public office, which is a good thing. I do not need to compete with them.

[HSIN HSIN WEN] At the beginning the antinuclear movement consisted only of the masses in Kung-liao and

professors from the Environmental Protection League. After a prolonged eight-year struggle, why did you launch a signature-collecting campaign and now the round-the-island walk?

[Lin] People still harbor doubts about the safety of nuclear power. In case of a nuclear accident, Taiwan would suffer. Nuclear power experts have discussed that at length. Personally I am antinuclear power, but the campaign for a referendum on the construction of No. 4 nuclear power plant goes beyond this. We are talking about a massive public policy which may endanger the people's lives and properties, their children, and their children's children, and destroy Taiwan. We must debate it and question it most carefully so that the people understand the issue. Then let us make a decision together and assume the consequences together. This process would give the people of Taiwan a true sense of being the masters of the nation. This is a basic principle of democracy. Many people still do not know the hazards the No. 4 nuclear power plant would pose to Taiwan. We must tell them. If we show no interest in something this important, it means we are still unqualified to be the masters of a democracy. If we are to become a democracy, we must turn this situation around and make people pay attention to this very crucial public topic. Such is not the case now. I have no more confidence in the performance of this administration. I do not trust this administration to come up with sound policies. That is why I believe I can do something in this area.

[HSIN HSIN WEN] Bloody conflicts are often unavoidable in the course of reform. They even make a point for a movement. Why then have you always insisted on peace, reason, and nonviolence, and rejected the use of force?

[Lin] I think it is a misunderstanding to say that conflict works. Take a look at the conflicts so far that are said to have worked. You can see for yourselves. Take the 20 May peasants movement, for instance. The agricultural policy did change a tad after the event. You can call that a success, but the same success could have been achieved by other means. In any case, the success was minuscule. The impact was quite minor; all it did was to remove public discontent temporarily. But we cannot be sure the conflict was a success because what we are really interested in is changing the ecology of the entire system and the position of the leaders.

Simply put, we must change from an autocracy into a democracy, instead of just tinkering with the system. That will produce major successes, which does not necessarily come from conflict alone. In Taiwan, change occurs when we pool all sorts of forces to put pressure on the rulers. The powers that be make changes only when they come under pressure. There have been very few bloody confrontations involving the use of force in Taiwan in the last four decades. In most cases other tactics, not force, were used. They locked up people like us for putting out magazines or staging protests, but the methods used usually did not require the use of force. In the course of a conflict we did not cause injury to others but tried to understand them and

be magnanimous. That way we change people's hearts over time and subsequently the way they see society. The methods we use also help determine the form of society we have.

[HSIN HSIN WEN] After a prolonged eight-year struggle, some people in the antinuclear camp seem to be losing patience. This explains why in certain confrontational situations these days we hear some people calling for the use of violence to achieve their goal. How do you propose to work with these people?

[Lin] Many people advocate the overthrow of the KMT [Kuomintang] by force. I am not opposed to that. It is a legitimate tool. Many a revolutionary in history has used military force and in the end they all became heroes. So I am not going to say these people are wrong. However, using force to overthrow the KMT does not mean ram-paging through the street once or twice to let off steam. Instead it involves more detailed planning and a greater sense of responsibility. For instance, troops must be recruited and organized to take on the KMT. This is the only way to overthrow it. Clashing with the cops on the streets a few times and killing a handful of them—that will not hurt the KMT. There has been little change in Taiwan over the years. So we must examine whether or not we have been going about it the right way. The antinuclear movement is a long-term cause; it will not bear fruit in a couple of years. The absence of success has a host of causes. It is not an issue of using or not using force.

[HSIN HSIN WEN] Looking back at the antinuclear movement today, do you think its nature has changed over the past eight years?

[Lin] No. The core of the antinuclear movement is still the Environmental Protection League. Its members have not changed. Nor have their methods. We may say that in the past few years the antinuclear movement has remained in the stage of publicizing the antinuclear message. There have been no antinuclear actions. Rallies have been held, but that's the furthest it has gone. Even the rallies were nothing more than a way of spreading the word. The movement is not doing enough even on the publicity front these days. It has done a decent job in Kung-liao but still falls short in Taipei County as a whole. This indicates that we are not doing enough to get the antinuclear philosophy out.

[HSIN HSIN WEN] How are you going to do a better job? By staging the round-the-island walk?

[Lin] It is something new, which is not to say it is necessarily better. Well, what is better...? (laughs)

[HSIN HSIN WEN] We are now in the midst of a heated election campaign. If candidates everywhere decide to take a position on this issue, what are you going to do about that?

[Lin] This is a question of confrontational discipline. We cannot do anything about people who do not abide by discipline as we have no coercive power. We can only hope

that they practice some self-control. If a candidate does choose to exploit the issue, we would go and tell him that this is serious business and that his actions may disrupt our atmosphere. I think most people would accept our opinions.

[HSIN HSIN WEN] You founded the Tzu-lin Foundation, which epitomizes your efforts to join hands with private forces. How is it related to your philosophy? Or did you just suddenly realize that was what you should do?

[Lin] I used to be a lawyer. I always dreamed about being a lawyer as a youth, imagining that a lawyer can use his legal knowledge to help the weak, give relief to the poor, and right injustices. Later I did become a lawyer. But the legal system is terrible, which I thought had something to do with politics. So I entered politics, figuring that I could change politics. When I got into politics, however, I realized Taiwan's problems were not simply political problems; they also had something to do with psychology, culture, and education. You cannot solve political or legal problems without improving human psychology and culture too. So I set up the Tzu-lin Foundation to give social movement workers an opportunity for continuing education. Take myself, for instance. Without further studies, I would have exhausted my learning after a few years in politics. This is true for many outstanding social workers. I would like them to broaden their knowledge and sharpen their skills. The goal of Tzu-lin is to create an environment where people can get together to exchange experience and develop bonds.

[HSIN HSIN WEN] Do you have an opportunity to pursue advanced studies regularly?

[Lin] In my spare time I like to read books on philosophy and religion. But I also must familiarize myself with more practical political, social, and economic issues. Right now they are offering courses for further studies, which I attend.

[HSIN HSIN WEN] What about legal books?

[Lin] Taiwan has no use for the law.

[HSIN HSIN WEN] You have been compared to Gandhi by many people. What do you think about this title?

[Lin] I do not like it. I am who I am. "Taiwan's Kim Dae-jung," "Taiwan's Mandela..." I do not think that is right. [passage omitted]

[HSIN HSIN WEN] In your opinion what should be the qualifications of the president of the future nation of Taiwan?

[Lin] At the very least he must be a symbol and make people feel that he represents our own Taiwan. He must not give you the sense he is not up to the job. Do not think such people are easy to find. Take Li Teng-hui, for instance. He comes across as being not up to his job. Shoots from the hip too often. The president need not be a political figure. His paramount duty is to represent the nation. Other things can be taken care of by government

officials. Thus a president can be a world-renowned author or playwright. Look at Havel of the Czech Republic, Corazon Aquino of the Philippines, and Walesa of Poland. They all symbolize the pride of their nations. A president may be the leader of the labor movement or the wife of a martyr. In the end they both ascended to the presidency. In contrast, Li Teng-hui wants to be in charge of everything. There is no other president like him on earth. No wonder he bungles everything. The reason is that nobody can take care of so many things properly at the same time.

***Journalist Criticizes Political Corruption**

95CM0035A Taipei HSIN HSIN WEN [THE JOURNALIST] in Chinese No 397, 22 Oct 94 p 8

[Article by Szu-ma Wen-wu (0674 7456 2429 2976): "The Common People Always Are the Playthings of Politicians and Financial Groups"]

[FBIS Translated Excerpt] After the Hung-fu [3163 4395] case occurred, almost one fifth of the Legislative Yuan went to show concern for the Weng Ta-ming [5040 1129 6900] family. There is no international precedent for this situation. From this incident alone, you can imagine how much money politics has worsened.

After the incident, the legislators used various forms of vows to heaven and earth and blood and tears to clear themselves. Those who understood the inside situation considered it a farce, because it actually does not deserve a laugh from the knowledgeable.

More than 50 Democratic Progressive Party (DPP) legislators, including a mixture of good and bad, were not clearly outside the party that year. This time they were determined to sever themselves from the party to help to safeguard its social image. On the other hand, New Party members should have resigned from the party, but have not. Moreover, they draw on one financial group to argue in their favor to oppose another financial group, leaving people not knowing what to think.

With the Kuomintang [KMT] saying that they must clarify legal responsibility before imposing party discipline, they are essentially deceiving themselves as well as others. We do not know how many party members were found guilty of the previous election bribery. As of now who has received party discipline? Moreover, this time a number of the party's big and small members were caught. They all should be investigated and punished, but Lee Teng-hui wants to honor those legislators!

From the Hua-lung [5478 7127] case and the Hou-sheng [0624 3932] case to the Hung-fu case, the same group of people were mixed up in playing the same game, and the cases became more and more serious and more and more politicians were involved. The main players always hid behind the scene. This is a game of toying and contending with the law, and Weng Ta-ming was a major player in this. But this is not just a Hua-lung group problem, and it certainly is not just an individual problem of Weng Ta-ming. Financial groups, politicians, the stock market, and

banks are linked with each other and jointly involved. It has become an unhealthy trend from south to north and from localities to the central government. There are differences in the sizes of groups and the degree of skill and ability, but in their nature and their tricks, they are altogether the same. This is a Taiwan political cancer.

Taiwan's financial and economic laws cannot catch up with actual needs. But revision of laws must go through the barrier of the Legislative Yuan, and spokesmen from interest groups are responsible for guarding the work of all the financial and economic committees. So every reform meets extremely great resistance. This is the result of KMT connivance.

Public servants must avoid involvement in bills for special interests. This is basic common sense in democratic countries. The role that it plays is even more effective than laws. But in Taiwan this rudimentary political ethics still is lacking. Politicians not only do not avoid it, on the contrary, they speak plausibly and at length and fight hard to push their causes and interests. This situation of legislative groups rushing to scout the situation and express serious concern for the details of cases is hard to imagine in any democratic country. But if these political ethics and standards are established, it will absolutely not do to rely only on laws. [passage omitted]

***Public Perception of Major Parties Surveyed**

95CM0035B Taipei HSIN HSIN WEN [THE JOURNALIST] in Chinese No 394, 1 Oct 94 pp 66-71

[Article by Jung Li-chen (2837 7787 3791): "The Kuomintang Falls To Its Lowest Point, The Democratic Progressive Party Gets Sweeter"]

[FBIS Translated Excerpt] [passage omitted] To perceive the development of the public's views and attitudes toward party politics, this publication has conducted a "Degree of Satisfaction and Support For the Parties in Power and Out of Power" survey of all the province's public five years in succession, thereby gauging growth and decline in public support for parties as well as the power of various parties.

Comparing results of the questionnaire with previous years, those expressing satisfaction with Kuomintang [KMT] administrative performance in the first half of the year made up 36.9 percent, the lowest point in these five years and the first time that the level of satisfaction slipped below 40 percent. Those dissatisfied made up 41.9 percent, not only achieving a five-year peak, but what is more, exceeding satisfaction indicators for the first time. For the KMT that is always thinking about maintaining political power, this should be a warning sign.

As regards the Democratic Progressive Party (DPP), the public's satisfaction with their balancing performance in the first half of the year declined 2 percent compared to last year, and the level of dissatisfaction rose 3 percent. Generally speaking, it was by no means an especially sharp change, but it is worth mentioning that in these five years, the public's satisfaction with their balancing performance

went from the initial 19.6 percent (1991) to the present 32.7 percent and dissatisfaction fell from 53.5 percent (1991) to this year's 43.3 percent. Changes in and performance of the DPP in these years indeed received some applause.

How about the performance in the first half of the year of the New Party, only established for a year? The results of the questionnaire indicate that those satisfied made up 18.6 percent and those dissatisfied made up 19.9 percent, but those answering "no opinion" and "do not know" were as high as 60 percent. Obviously the New Party's performance has left a "vague impression" on the minds of the public. In the future, the young New Party must strive to study how to give the public a concrete image of itself.

Analyzed by sex, as regards the degree of satisfaction, men's satisfaction with the administrative performance of the KMT and the DPP in the first half of the year were 39.6 percent and 37.7 percent, and women's was 34.7 percent and 28.1 percent. Women's evaluation of the two parties differed by six percentage points. From this it can be seen that the DPP must strive to draw female support. As regards the New Party, women's level of satisfaction was 1 percentage point higher than men's. Compared to the fact that historically men's satisfaction with other parties far exceeded that of women, this is rather worth pondering. But generally speaking, the proportion of women that answered "do not know" and "no opinion," as in previous years, far exceeded men. [passage omitted]

As regards age level, the level of satisfaction with the KMT was highest among those 60 to 69 years old, as high as 55 percent. But the younger the people the greater the dissatisfaction with the KMT. Dissatisfaction was in inverse proportion to age. Satisfaction with DPP performance was highest among those 40 to 49 years old and, according to a bell curve for age, as regards dissatisfaction, those 18 to 29 years old were tops at 49.6 percent. It is interesting that this age group was the most satisfied with New Party performance and that those most dissatisfied with New Party performance were precisely those 60 years of age and above who that were most satisfied with the KMT.

And by educational level, those expressing greatest satisfaction with KMT performance were led by those with elementary to middle school education at 48.2 percent, but dissatisfaction was in inverse proportion to the level of education. The higher the education, the greater the dissatisfaction with KMT performance. As regards the DPP, the proportion of those interviewed who were satisfied and dissatisfied was the same as for the KMT. The only exception was that the DPP captured the hearts of those with master's degrees. Their satisfaction with DPP performance was 40 percent, but the indicators for greatest satisfaction and dissatisfaction with the New Party were highest for those with a college education, making up 24.3 percent and 27.8 percent, respectively. At the same level, it captured the two extremes of evaluation. I am afraid that adjusting the discrepancies is a direction that New Party policy must strive for.

As regards provincial differences, as in the past, the level of satisfaction with the KMT was higher among those from outside provinces than among those from Taiwan, but dissatisfaction also was highest among those from outside provinces, making up 45 percent. What was rather exceptional was that among Taiwan's Min-nan people 35.1 percent were satisfied with the KMT and those dissatisfied jumped to 42.3 percent. The disparity cannot be considered great. As regards the DPP, the satisfaction of Taiwan's Min-nan people was the highest at 34.1 percent and the level of dissatisfaction was the highest among those from outside provinces at 67.5 percent, 20 percent or more higher than the average. As regards the New Party, which has always disputed provincial issues, the provincial disparity is not that clear. Satisfaction is highest among original residents of Taiwan at 30.8 percent and second among those from outside provinces at 28.7 percent, and dissatisfaction among those from outside provinces was highest at 24 percent. But generally speaking, it was by no means too great a disparity. Perhaps this is related to the excessively high proportion of such confused responses as "do not know" and "no opinion." [passage omitted]

As regards party affiliation, of those interviewed who are affiliated with the KMT, the satisfaction with the KMT was 50 percent and dissatisfaction was 40 percent; for those not affiliated with a party, satisfaction with the KMT was 34.4 percent and dissatisfaction was 42.1 percent, but the number of the members of the DPP and the New Party interviewed was too small. So, there was no way to perceive effective results from the statistics.

"If an election were held now, which party would you vote for?" Sixty percent of the public did not select a party, but would vote based on the candidate. By party, the KMT received 15.6 percent, the highest, but 4 percentage points less than last year; the DPP received 8.1 percent support, 1 percentage point less than last year; and only the New Party at 3.6 percent increased their support by 0.9 percent over last year, but the New Party's mortal wound is that its overall support is not high.

By region the KMT had 20 percent support in Keelung, Yun-lin, Kaohsiung, and Tai-tung, and support in Penghu was the highest at 50 percent, but in comparison with last year's 80-percent rate of support, it had fallen quite a bit. The DPP had 20.7 percent support in the Chia-i area, but in other regions it was not especially evident. The New Party stayed at 3-6 percent and by no means had a pronounced level of support.

The rate of support for the KMT by sex was similar and the DPP and the New Party both had a 3:2 male-to-female ratio of support, indicating that the parties out of power still must make an extra effort to develop voting sources from among women compatriots. The ratio of those interviewed voting for the KMT was highest among 70-year-olds and above, those voting for the DPP were mainly middle-aged, from 40 to 49 years of age, and the 18- to 29-year-olds favored the New Party. From this it can be

seen that each of the three parties has won the support of an age group. As regards education, among those interviewed voting for the KMT, the highest was from those with an elementary and secondary education at 15.7 percent; those voting for the DPP were highest among those with a college education at 8.4 percent; and the New Party got the support of 6.7 percent of those with masters degrees. By province, Taiwan Province's Min-nan people's support for the KMT, the DPP, and the New Party were

9.1 percent, 8 percent, and 2.2 percent. and the support of those from outside provinces was 22.2 percent, 3.7 percent, and 5.6 percent. As regards party affiliation, it was the same as in past years. Support for the KMT of those affiliated with the KMT was rather high, but because of the obvious tendency to "vote for the person and not the party," those interviewed who were affiliated with other parties did not have a particularly concentrated support for any party. [passage omitted]

Hong Kong

Plan for Human Rights Center Criticized

HK1201071395 Beijing RENMIN RIBAO in Chinese 9 Jan 95 p 6

["International Forum" article by Xu Hongzhi (6079 1347 3112): "A Futile Move"]

[FBIS Translated Text] Recently a source revealed that, instigated by some of its British members, the European Parliament decided to spend \$1.8 million setting up a so-called "human rights center" in Hong Kong to interfere in Hong Kong's internal affairs. The source went on to say: The "center" plans to continue to exist after China recovers sovereignty over Hong Kong in 1997.

It is simply outrageous for the European Parliament to make such a decision. As everyone knows, Hong Kong is China's territory. It is located in Asia rather than Europe. Through rounds of talks, the Chinese and British Governments have reached an agreement and signed a related joint declaration in 1984. The Chinese Government will recover sovereignty over Hong Kong on 1 July 1997. Therefore, before 1997, Hong Kong's affairs are a matter for China and Britain to discuss; after 1997, they are solely China's internal affairs and others have no right to interfere. As an organ of the European Union, the European Parliament should concentrate its attention on handling Europe's problems, which have piled up, rather than attempt to interfere in "Hong Kong's affairs," which have completely nothing to do with it. Is it not overstressing its hand?

Since the end of the Cold War, some regional conflicts left from the past have been resolved or alleviated and the overall world situation is moving toward a more relaxed state. Nevertheless, some new hot points have cropped up, of which the chaos caused by war in the former Yugoslavia is the most outstanding. The Balkan war has left families broken up, with some having moved away and many dead, and it has compelled people to leave their native homes and live in refugee camps with their most primary right to subsistence not guaranteed. If the "human rights protectors" of the European Parliament are really concerned about "human rights," they should give more assistance to the refugees of the former Yugoslavia rather than travel a long distance to Asia to poke their noses into others' business. The parliament's decision is ridiculous.

The British colonial rule of Hong Kong has lasted for nearly 100 years, during which there was no genuine democracy to speak of. Under the colonial rule, there was no place to begin with talks about "human rights." However, the 40-year-old European Parliament has never touched or expressed concern about Hong Kong's human rights issue. Now, as 1997 is approaching, it is helping Britain apply pressure on China. This shows that the concern of some members of the European Parliament over "human rights" is a sham while their intention to

obstruct Hong Kong's smooth transition and interfere in China's internal affairs is real.

Naturally, this move by the European Parliament can only be futile. On no account will the Chinese Government allow other people to act on its territory as they please. After China recovers sovereignty over Hong Kong, can the "center," which is set up specially to interfere in China's internal affairs, continue to exist in Hong Kong as predicted by the "human rights protectors"? That is not up to them to decide.

PWC Subgroup To Discuss Political Issues

HK1101154595 Beijing ZHONGGUO XINWEN SHE in English 1359 GMT 11 Jan 95

[FBIS Transcribed Text] Beijing, January 11 (CNS)—The 13th meeting of the Political Affairs Sub-Group of the Preliminary Working Committee (PWC) of the Hong Kong Special Administrative Region (SAR) starts today.

Discussions are centered on the formation of the first government and its consultative bodies. The members have arrived at the following opinions that:

1. In accordance with Article 65 of the Basic Law, the existing consultative bodies can be maintained after 1997;
2. The power of establishment of legal entities and consultative bodies including re-organization of existing legal and consultative bodies, is vested in the first government of the Hong Kong SAR;
3. The appointment of members of the legal bodies and consultative bodies is to be made by the Chief Executive or heads of departments of the SAR. Taking into consideration of the best interests of the SAR to enjoy a stable transition period, the members hope that the appointment of members of the legal and consultative bodies will cause no jeopardy to the serving members of the legal and consultative bodies.

PWC Backs SAR Role in Advisory Bodies

HK1201062995 Hong Kong EASTERN EXPRESS in English 12 Jan 95 p 2

[By Rain Ren in Beijing]

[FBIS Transcribed Text] The Special Administrative Region [SAR] government should decide the structure of statutory and advisory bodies after the 1997 handover, the Preliminary Working Committee [PWC] said yesterday.

But the mainland leader of the government and administration group under the PWC, Xiao Weiyun, said the establishment of these bodies must reflect the principle of an executive-led government.

Article 65 of the Basic Law stipulates that: "The previous system of establishing advisory bodies by the executive authorities shall be maintained."

Xiao, who was involved in the drafting of the article, said yesterday: "Although the Basic Law doesn't specifically state that the establishment of government statutory and advisory bodies should reflect the principle of an executive-led government, our intention is that these bodies must reflect the principle of an executive-led government."

The PWC said that the SAR chief executive or government department chiefs should be in a position to appoint members to statutory and advisory bodies after 1997.

A PWC member, Tsang Yok-sing, said the PWC would discuss the precise number of senior government officials, and from what departments, that would have to be nominated by the SAR chief executive for the preparatory committee.

Another member, Lau Siu-kai, said the PWC would discuss the structure of the preparatory committee, its method of policy-making, its responsibilities and its financial and personnel sources. He said the preparatory committee should handle the establishment of the government structure for the SAR, and the vetting of existing Hong Kong laws and abolition of those considered to violate the Basic Law. It should support the work of the chief executive-designate and handle issues affecting the transfer of sovereignty.

Lau predicted that some preparatory committee members might eventually become SAR government officials. But he did not think it feasible for existing civil servants to be members of the preparatory committee.

'Uncertainty' Over Overseas Travel After 1997

HK1101042595 Hong Kong SOUTH CHINA
MORNING POST in English 11 Jan 95 p 6

[FBIS Transcribed Text] Uncertainty is looming over the ease with which Hong Kong people will be able to travel overseas after 1997, as permanent identity cards issued before the changeover may lose their validity. The permanent identity cards state that holders have the right of abode in Hong Kong, which is pivotal in overseas immigration authorities' decision to allow Hong Kong holders of British National Overseas (BNO) passports and certificate of identity entry to their countries. Legal experts say without a valid identity card, Hong Kong travellers might encounter difficulty entering foreign countries.

Reader in law at the University of Hong Kong Albert Chen Hung-ye said a territory-wide issuing exercise for new cards would be needed. Before that was done Dr Chen said arrangements validating identity cards issued before 1997 for a certain period would be necessary so Hong Kong people could use them to travel overseas. It was China's responsibility to inform other countries that cards issued before 1997 would continue to be valid for a certain period, he said.

Director of Immigration Laurence Leung Ming-yin said he had already drawn up plans on how to issue new identity

cards if the Special Administrative Region (SAR) government chose to launch a territory-wide exercise. "China has the responsibility to ensure that after 1997 Hong Kong people can still travel overseas conveniently with the travel documents they have," Dr Chen said. Noting China's stance that SAR passports would not become available immediately after the changeover, Dr Chen believed that for China to fulfil its responsibility, the Chinese Government needed to co-operate with the British Government to help holders of BNO passports and certificates of identity.

*Article Views Civil Service Transition

95CM0024A Hong Kong JING BAO [THE MIRROR]
in Chinese No 207, 5 Oct 94 pp 10-12

[Article by Hsin Wen (1823 2429): "Prospective 1,000 Days of Politics in Hong Kong: Possible Coexistence of Two Political Authorities (Governments)"]

[FBIS Translated Excerpt] The fact that negotiations between China and Britain have broken down over the issue of Hong Kong's trilevel assembly elections in 1994-95 means that friendly cooperation between the two governments in dealing with transition issues will not be possible, and that Hong Kong will not be able to have a smooth transition.

The ensuing question then is whether Hong Kong will nevertheless be able to manage a relatively peaceful transition; in other words, even though turbulence or instability may occur in certain areas or for a time, is it possible that over the longer term, Hong Kong will nevertheless be able to maintain basic political, economic and social stability before and after 1997?

The crux of the matter hinges on how the two parties, China and Britain, and various circles in Hong Kong manage the final 1,000 days prior to 1997 given the increasingly obvious prospect of the coexistence of "two political authorities (governments)."

The "constitutional reforms proposal" Britain unilaterally promoted has led to two consequences; first, the Hong Kong trilevel legislative assembly will have to be reconstituted after 1 July, 1997, i.e. there will be no "through train" in the political system; second, the preparatory committee of the Hong Kong Special Administrative Region [SAR] Planning Commission will advance the schedule for making various preparations for the transfer of sovereignty and turnover of administrative authority, preparing in short for an unfriendly British "turnover," but a nonetheless effective Chinese "acceptance" of Hong Kong in all respects.

The first consequence mentioned above may result in prolonging the 1997 transition to after 1997, stretching out and further complicating the period of transition, something which could have been avoided had there been better, friendlier Sino-British cooperation.

The second consequence referred to may mean that if the Chinese side advances the schedule of forming the first

Hong Kong SAR government, the transition will, in a certain sense, begin before 1997. When the British side unilaterally carried out the "constitutional reforms proposal," they publicly stated time and again that they did not believe the Chinese side would "start a second stove" after 1997, because to do so would lead to political, economic and social instabilities in Hong Kong; that is to say, the British side anticipated the difficulties that will be created for the Chinese side if the 1997 transition were stretched out to beyond 1997.

Nevertheless, the British side has not publicly recognized that there will also be difficulties for British rule in Hong Kong if the Chinese side advanced the formation of the Hong Kong SAR government and began the transition before 1997.

There are invariably two sides to every issue. The British side's unilateral implementation of the Hong Kong political system reform has produced bitter medicine not only for the Chinese side, but also for itself, medicine which it may have to swallow first.

Based on the preparatory committee's schedule of tasks to be carried out, the formation of the first Hong Kong SAR government will be advanced about one year ahead of the Basic Law's schedule. Agreement on the Basic Law came first, implementation of Chris Patten's political reforms proposal came later; therefore, any revision of plans by the Chinese side is compelled by objective circumstances.

Imagine this: In the course of the last several hundred days in which Hong Kong is still under British rule, the first Hong Kong SAR government will be formed; is this not the coexistence of "two political authorities (governments)"?

Although Hong Kong and Britain still have not publicly acknowledged the reality of political development and direction in Hong Kong described above, they actually do understand the situation, which is reflected by the fact that time and again they have resisted any formal contacts with the preparatory committee and have repeatedly emphasized that Britain will rule Hong Kong until 30 June 1997.

The force of circumstances is more compelling than man's words. In the end, Britain cannot help but recognize and accept the coexistence of "two contending governments." What is intriguing is that as recently on 17 August 1994, the British Hong Kong authorities authorized civil servants in law enforcement positions to contact the preparatory committee in their personal capacity or representing private associations; this clearly shows that objective circumstances have compelled British Hong Kong to revise its original position of absolutely no contact with the preparatory committee.

Hong Kong people are aware that on the 1997 transition issue, the Chinese and British sides can no longer cooperate in any friendly way, that there will be no "through train" in the political system, and that the Chinese side is advancing preparations to regain sovereignty over Hong

Kong; they therefore must make their choices, and for the civil servants in particular, the choices are even more difficult and urgent.

The way most Hong Kong people see it is that they must make their own assessment of the economic and social environments in Hong Kong before and after 1997 on the basis of the latest developments in the current political scene, and try to decide whether to wait and see, to emigrate, or to struggle on bravely.

For people in Hong Kong's industrial, commercial, financial, and economic circles, the bigger their businesses, the higher their status; it is more difficult for them to sort out or clarify their relationship to or any disagreements with the governing authorities; therefore, they spare no efforts to address the issue of less-than-friendly turnover by the present British Hong Kong Government to a future Hong Kong SAR government. On the surface, they maintain and cultivate relationships with both Chinese and British sides, favoring neither the British nor the Chinese; for ultimately that will depend on where their main economic interests lie.

Civil servants in the Hong Kong Government, on the other hand, are agonizing over how to maintain some semblance of balance between being "loyal" to their present employer and to their possible future employer. The fact that the British and Chinese sides cannot be friendly and cooperate across the board, particularly in a political system which spans the transition, cause many civil servants, the high-ranking ones in particular, to feel caught between having to "please their brother, while antagonizing their sister-in-law."

There are three basic facts which Hong Kong people must consider when the time comes to make their choices: First, the China mainland is geographically contiguous with Hong Kong, and Hong Kong is a port city of South China. This point was quite different when Hong Kong was a British colony. Under colonial principles, Hong Kong was entirely at Britain's disposal; yet with Hong Kong thousands of miles away, Britain's influence over Hong Kong was unavoidably diminished by the geographic barrier. Second, the economies of the mainland and Hong Kong have now become intertwined, and Hong Kong's economic stability and prosperity is increasingly dependent on China's, and this to a large extent is reflected in the geographic unity; the Hong Kong-Britain economic relationship, even at its peak, can in no way be compared with the Hong Kong-China economic integration. Third, 1997 is drawing nearer day by day, and British rule in Hong Kong is like "the sun setting in the West," and China's regaining sovereignty over Hong Kong is the "sun rising from the East" and the "sun in the sky" that will shine in the future.

Faced with the three basic facts, Hong Kong people can either emigrate or prepare to emigrate after 1997, otherwise they must choose, voluntarily or otherwise, among distancing themselves from British Hong Kong, taking a neutral stance, or leaning toward support of the Chinese side.

The "opportunity cost" of emigration is an important factor the Hong Kong people facing 1997 must examine closely when they make their choices, perhaps the most important factor for the vast majority of Hong Kong people.

Generally speaking, for businessmen more than for professionals, the "opportunity cost" of emigration is high; for those in politics more than for those in business, it is even higher.

Professionals have internationally recognized employment credentials, they can practice their professions in other countries; compared with professional emigres, businessmen who emigrate and invest in foreign countries face considerably more difficulties in the early stages. Up to now, there are not many cases of successful investment overseas by emigrating Hong Kong businessmen, while there are not a few cases of those who experienced loss and setback.

For people in government, however, unless they also have professional credentials and can perform professional work after emigrating, it would be very difficult to imagine other countries giving Hong Kong political personalities an opportunity to participate in politics. In Hong Kong, civil servants are traditionally neutral in politics, but that does not mean that foreign government bureaucracies would take in any Hong Kong civil servants. On the contrary, the Hong Kong civil service has in fact taken in bureaucrats from Britain and other United Kingdom countries, for this is a special characteristics of a "colony;" on this point, Hong Kong in fact has been much more "open and liberal" compared to many other governments in the world.

Because of the above, as 1997 draws near, the tendency of Hong Kong civil servants is to link up with the Chinese side, and this is something that neither British Hong Kong's political pressure nor administrative authority can prevent.

Of course, this kind of situation will weaken the prestige of British authorities in Hong Kong on the eve of 1997, and will bring certain difficulties to the politics and administration of Hong Kong before and after 1997.

Take the British side; while it is impossible to prevent Hong Kong Government civil servants from linking up with the Chinese side, it is also necessary to forbid them from doing so; the difficulty is simply how to strike a balance between these two imperatives.

By allowing civil servants in law enforcement capacities to have such contacts on a personal basis or representing

private associations, while maintaining that they are not permitted to do so in any official capacity, the British authorities in Hong Kong are taking the first step toward striking a balance.

But, after taking the first step, the second and the third should follow quickly. If law enforcement civil servants can do this, then what about civil servants in other parts of the government? What reason can the British Hong Kong authorities have for not "treating all equally?"

Projecting ahead based on the situation at this juncture, what the Hong Kong government is still strongly insisting upon is that civil servants are forbidden to have any official contacts with the Chinese side, but even this bottom line may be untenable.

When the day comes that a majority of civil servants, acting personally or representing private associations, are in contact with the Chinese side, at that point prohibiting them from acting in their official capacity will have lost any practical meaning.

The situation may develop to the point where British authorities in Hong Kong will find it increasingly impossible to control civil servants from dealing with the Chinese side, the reason being that by far a majority of them after all hope to be retained in their positions by the Hong Kong SAR government.

On the Chinese side, the team of basic cadres (administrators and other important officials) in the first SAR government organized prior to 1997 will also face certain difficulties, the degree of which will depend on differences which may exist at that time between these cadres and officials of the last administration of Hong Kong, and on the number of Hong Kong Government civil servants willing to stay on in their posts in the SAR government.

If the discrepancy in numbers between the outgoing and incoming administrations is too large, then what will have to be done to ensure a stable transfer from the old to the new political authority (government)?

If a considerable number of the civil servants resign from the bureaucracy prior to 1997 or are unwilling to be employed by the SAR government, then what will have to be done to ensure that the entire administrative structure survive the 1997 transition with relative stability?

In the end, the Chinese side will also have difficulties if any political, economic, administrative, or social instabilities should occur in Hong Kong on the eve of 1997, for these will not only cause the British side to lose face, but also make life difficult for the SAR government in the immediate post-1997 period.

In the coming 1,000 days, factors of uncertainty in Hong Kong's politics will affect the Chinese side in organizing the first SAR government and preparing for the turnover of power from the old to the new political authorities (governments).

First, there are the trilevel legislative assembly election results, which may show either the relative strengths of

various contending constituencies in Hong Kong, or obvious leanings on the part of certain political forces.

Second, can the British and Chinese sides continue to consult and cooperate on questions concerning the Hong Kong's economy and people's livelihood? After all, give-and-take compromise is better than endless, nonstop disputing. [passage omitted]

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